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January 28, 2015

The Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, Newfoundland & Labrador
A1A 5B2

Attention: Ms. Cheryl Blundon
Director Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Newfoundland and Labrador Hydro - 2015 Interim Rates Application

Further to the Board's letter of December 24, 2014, enclosed please find the original plus 12 copies of Hydro's Application for interim approval of customer electricity rates for implementation as of March 1, 2015. For convenience of reference, where changes have been made from the contents of similar schedules filed in the Amended General Rate Application, those changes are shown as shaded.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

Geoffrey P. Young
Senior Legal Counsel

GPY/jc

cc: Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales
Thomas J. O'Reilly, Q.C. – Cox & Palmer
Senwung Luk – Olthuis, Kleer, Townshend LLP
Thomas Johnson – Consumer Advocate
Yvonne Jones, MP Labrador
Ed Hearn, Q.C. – Miller & Hearn
Genevieve M. Dawson – Benson Buffett

IN THE MATTER OF the *Electrical Power Control Act, 1994*, R.S.N.L. 1994, Chapter E-5.1 (the EPCA) and the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47 (the *Act*) and regulations thereunder;

AND IN THE MATTER OF an application by Newfoundland and Labrador Hydro, pursuant to Sections 70 and 75 of the *Act*, for the approval of customer electricity rates, rules and regulations on an interim basis to become effective March 1, 2015 (the "2015 Interim Rates Application").

TO: The Board of Commissioners of Public Utilities (the Board)

THE 2015 INTERIM RATES APPLICATION of Newfoundland and Labrador Hydro (the Applicant) for an Interim Order says:

Background

1. Newfoundland and Labrador Hydro (Hydro) is a corporation continued and existing under the *Hydro Corporation Act, 2007,* is a public utility within the meaning of the Act and is subject to the provisions of the *Electrical Power Control Act, 1994*.

2. Under the Act the Board has the general supervision of public utilities and requires that a public utility submit for the approval of the Board the rates, tolls and charges for the service provided by the public utility and the rules and regulations which relate to that service.

3. In its Amended General Rates Application (the "Amended Application") filed with the Board on November 10, 2014, Hydro requested that the proposed customer rates be approved on an interim basis in advance of completing the General Rate Application (GRA). This approach would reduce the amount of 2015 costs deferred for future

recovery from customers. Hydro also proposed revised Rate Stabilization Plan (RSP) Rules to become effective on an interim basis effective January 1, 2015 to permit the continued phase-in of the Island Industrial Customer (IIC) rates.

4. Based on existing rates, Hydro would achieve a forecast return on rate base of 3.33% in 2015, which is below the bottom of the approved range of return on rate base of 7.29% established in the 2007 GRA and is also lower than the proposed 2015 return on rate base of 6.82%.

5. In Orders in Council OC2013-089 and OC2013-090, as amended, direction was given to the Board and to Hydro, respectively, with regard to the phasing-in of rate changes to Hydro's IIC. IIC base rates have not changed since 2007. In a letter from the Board dated December 24, 2014, Hydro was directed to file a comprehensive interim rates application for rates to be charged effective March 1, 2015. In accordance with that directive from the Board, this 2015 Interim Rates Application is for an Interim Order as to rates to be paid by Hydro's IIC, Newfoundland Power (NP) and Hydro's Rural Customers.

Reduced Forecast Fuel Prices

6. The forecast cost of No. 6 fuel at Holyrood has decreased materially since Hydro filed its Amended Application on November 10, 2014. Hydro's Amended Application was based upon an average No. 6 fuel cost of $93.32 per barrel. The most recent fuel forecast provided by PIRA indicates an average fuel cost for 2015 of $65.63 per barrel. Based upon the 2015 Test Year forecast of approximately 2.6 million barrels, the revised fuel cost forecast reduces the 2015 Test Year cost of service by approximately $73 million.

7. The proposal to increase customer rates in 2015 as requested in the Amended Application is no longer supported by the 2015 fuel cost forecast. Therefore, Hydro has reflected the 2015 fuel cost reduction to $65.63 per barrel in this 2015 Interim Rates

Application. The fuel cost reduction impacts the rate proposals for all customers whose rates are materially affected by fuel prices.

Utility Rate

8. While there is a base rate increase of 11.2% inherent in the proposed rate adjustment to NP, the base rate increase is more than offset by the reduced billing impact of resetting the RSP fuel rider from 1.526 ¢/kWh to zero, consistent with the inclusion of the 2015 forecast fuel cost in the proposed base rate. The result is a proposed rate decrease to NP of 9.3%. The effect of this rate reduction to NP is estimated to be a 6.3% rate reduction for its customers.

Hydro Rural Rates

Island Interconnected and L'Anse au Loup Systems

9. Hydro proposes that effective March 1, 2015, on an interim basis, that rates be reduced by 6.3% for customers served from the Island Interconnected and L'Anse au Loup systems, consistent with the estimated rate impact on NP's customers.

Non-Government Diesel Rates

10. Order in Council OC2014-372 issued on December 23, 2014 directs that the rate increase in 2015 to Hydro's Non-Government Rural Isolated Domestic and General Service customers be equal the rate increase approved for NP's customers for 2015. To comply with OC2014-372, Hydro proposes that the same percentage interim rate change apply to Hydro's diesel rates as is approved for NP's customers and for Hydro's Rural Customers on the Island Interconnected and L'Anse au Loup systems. The rate change is estimated to be a 6.3% decrease.

Government Diesel Rates

11. Government rate classes in isolated systems pay rates that recover 100% of the allocated test year costs. Similar to the forecast costs of No. 6 fuel, the forecast cost of No. 2 fuel has decreased materially for 2015 and Hydro therefore proposes rate increases for these customers that are lower than those proposed in its Amended Application.

Labrador Interconnected Rates

12. The cost of serving customers on the Labrador Interconnected System is not materially impacted by the revised fuel cost estimate for 2015. Therefore, Hydro is proposing that the rates for customers on the Labrador Interconnected System that accompanied the Amended Application, an average increase of 2.1%, be approved on an interim basis March 1, 2015.

IC Rates

13. In a submission dated December 10, 2014, the IIC submitted that the impacts of the rate proposals reflected in the Amended Application constitute "rate shock". Current IIC rates do not include a fuel rider so their rates do not recover the increased cost of Holyrood fuel since the 2007 Test Year. The proposed average base rate increase for IIC for the 2015 Test Year, based upon the fuel cost forecast used in the Amended Application and with no phase-in approach, is 39.2%. Using an updated Holyrood fuel price of $65.63 per barrel reduces the proposed base rate increase to 18.1%.

14. The 2014 year-end RSP current balance to be recovered from IIC is $6.8 million. This amount represents an additional 22% increase relative to existing rates.

15. The IC Group submission of December 18, 2014 expressed concern with the customer impacts in the Amended Application. To mitigate the customer rate impacts, the IC Group proposed that the Board consider: (i) disposition of the credit balance in the RSP

load variation component; and (ii) using a lower No. 6 fuel price in establishing revenue requirement for the purpose of establishing interim rates.

16. Pursuant to Order No. P.U. 29(2013), the RSP load variation component has been segregated with disposition between the IIC and NP to be determined in the GRA. In this 2015 Interim Rates Application, Hydro is proposing that the Board approve the disposition of the 2014 year-end load variation balance using the energy ratio allocation approach that was proposed in the Amended Application. The approval of this proposal would result in $2.1 million being allocated to the IIC, reducing the 2014 year-end IIC current balance from $6.8 million to $4.7 million. Hydro is also proposing the use of the 2014 IIC RSP Surplus balance to provide recovery of the adjusted year-end IIC current plan balance of $4.7 million.

17. In Hydro's Amended Application, Hydro proposed a two-year recovery of the IIC 2014 year-end current plan balance (the "Section E: Historical Plan Balance" in the RSP Rules). In this 2015 Interim Rates Application, the IIC current plan balance is proposed to be recovered from the IIC RSP Surplus Balance, therefore, Hydro is no longer proposing that this two-year recovery be implemented.

18. In its Amended Application, Hydro proposed to complete the phase-in of IIC rates by September 1, 2016 by limiting customer rate impacts using the IIC RSP Surplus balance. IIC base rates resulting from the 2015 Test Year Cost of Service Study were proposed to become effective for all IIC on January 1, 2015, with an offsetting RSP Surplus Credit Adjustment of 85% applied to limit the customer rate impact. The RSP Surplus Credit Adjustment was proposed to be reduced to 35% for the period September 1, 2015 to August 31, 2016, and eliminated September 1, 2016. The IIC RSP Surplus Credit at December 31, 2014 was $10.9 million.

19. Given the material reduction to the required base rate increase for the IIC caused by the use of the lower fuel cost forecast, Hydro proposes a modified approach to the phase-in of IIC rates from that proposed in the Amended Application. Hydro now proposes an RSP Surplus Credit Adjustment of 85% which would apply for the period March 1, 2015 to December 31, 2015 and a decrease to 60% for the period January 1, 2016 to August 31, 2016.

Rate Design

NP Rate Design

20. Hydro is proposing that the rate changes be implemented using the rate design approach described in the evidence to the Amended Application. For NP, Hydro is proposing that the tail block be reduced from 11.622¢ per kWh to 9.446¢, reflecting the reduced 2015 fuel cost forecast. Hydro is proposing that the other rate components remain unchanged from those proposed in the Amended Application. The proposed RSP rate reflects the removal of the fuel rider of 1.526¢ per kWh which was based upon a forecasted fuel price of $105.60/bbl ($Can) and a continuation of the current plan RSP adjustment of (0.551)¢ per kWh.

IIC Rate Design

21. For IIC, the firm energy charge has been reduced from 5.151¢ per kWh to 4.114¢ per kWh to reflect the revised 2015 fuel cost forecast. Hydro proposes that the other rate components for these customers, with the exception of Teck Resources, remain the same as they were proposed in the Amended Application. The proposed RSP adjustment for Teck is modified to provide the same 2015 rate increase proposal for Teck as is proposed for the other IIC.

July 1, 2015 RSP Update

22. The implementation of interim base rates effective March 1, 2015 to reflect an updated fuel cost for 2015 removes the RSP fuel rider that has been in effect since July 1, 2014.

Implementation of revised retail rates on March 1, 2015 that reflects both the disposition of the balance in the RSP segregated load variation component and the updated fuel forecast avoids the necessity for a July 1, 2015 rate change. Hydro sees no additional benefit to provide a further fuel cost update to become effective July 1, 2015 and proposes that the July 1, 2015 NP RSP update be suspended.

23. Hydro now makes application that the Board make:

A. an interim Order pursuant to Section 75 of the *Act*, approving

(i) the schedule of rates, tolls and charges set out in Schedule 1 to this 2015 Interim Rates Application to be effective on and after March 1, 2015, until superseded by a final order of the Board;

(ii) changes to the RSP rules to implement the phase-in of changes to the IIC rates and to remove the requirement for the RSP rate adjustment to NP scheduled for July 1, 2015, as set out in Schedule 1 of this 2015 Interim Rates Application, as follows:

(a) to provide for the allocation and disposition of the RSP load variation balance effective December 31, 2014;

(b) to provide for a one-time transfer from the IIC Surplus balance effective December 31, 2014 to provide recovery of the IIC current plan balance;

(c) to approve the proposed RSP Surplus Credit Adjustments to mitigate the rate impacts of implementing 2015 test year IIC base rates; and

(d) to suspend for 2015 the requirement for the July 1 RSP adjustment for Utility rates.

B. Such further or other matters as may appear just and reasonable in the circumstances

DATED AT St. John's in the Province of Newfoundland and Labrador this 28th day of January 2015.

Geoffrey P. Young
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NEWFOUNDLAND AND LABRADOR HYDRO

UTILITY (INTERIM)

Availability:

This rate is applicable to service to Newfoundland Power (NP).

Definitions:

"Billing Demand"

In the Months of January through March, billing demand shall be the greater of:

(a) the highest Native Load less the Generation Credit and the Curtailable Credit, beginning in the previous December and ending in the current Month; and
(b) the Minimum Billing Demand .

In the Months of April through December, billing demand shall be the greater of:

(a) the Weather-Adjusted Native Load less the Generation Credit and the Curtailable Credit, plus the Weather Adjustment True-up; and
(b) the Minimum Billing Demand.

If at the time of establishing its Maximum Native Load, NP has been requested by Hydro to reduce its Native Load by shedding curtailable load, the calculation of Billing Demand for each month shall not deduct the Curtailable Credit.

"Generation Credit" refers to NP's net generation capacity less allowance for system reserve, as follows:

	kW
Hydraulic Generation Credit	83,142
Thermal Generation Credit	36,187
Total Generation Credit	119,329

In order to continue to avail of the Generation Credit, NP must demonstrate the capability to operate its generation to the level of the Generation Credit. This will be verified in a test by operating the generation at a minimum of this level for a period of one hour as measured by the generation demand metering used to determine the Native Load. The test will be carried out at a mutually agreed time between December 1 and March 31 each year. If the level is not sustained, Newfoundland Power will be provided an opportunity to repeat the test at another mutually agreed time during the same December 1 to March 31 period. If the level is not sustained in the second test, the Generation Credit will be reduced in calculating the associated billing demands for January to December to the highest level that could be sustained.

“Curtailable Credit” is determined based upon NP's forecast curtailable load available for the period December 1 to March 31 in accordance with the terms and conditions set forth in NP’s Curtailable Service Option. NP will notify Hydro of its available curtailable load with its forecast of annual and monthly electricity requirements.

NEWFOUNDLAND AND LABRADOR HYDRO

UTILITY (INTERIM) (continued)

In order to receive the Curtailable Credit, NP must demonstrate the capability to curtail its customer load requirements to the level of the Curtailable Credit. This will be verified in a test by curtailing load at a minimum of this level for a period of one hour. The test will be carried out at a mutually agreed time in December. If the level is not sustained, the Curtailable Credit will be reduced to the level sustained. If Hydro requests NP to curtail load before a test is completed and NP demonstrates the capability to curtail to the level of the Curtailment Credit, no test will be required.

NP will be required to provide a report to Hydro not later than April 15 to demonstrate the amount of load curtailed for each request of Hydro during the previous winter season. If the load curtailed is less than forecast for either request during the winter season, the annual Curtailable Credit will be adjusted to reflect the average load curtailed for the winter season. If NP is not requested to curtail during the winter season, the Curtailment Credit will established based upon the lesser of the load reduction achieved in the test or the forecast curtailable load (as provided in the previous two paragraphs).

“Maximum Native Load” means the maximum Native Load of NP in the four-Month period beginning in December of the preceding year and ending in March of the current year.

“Minimum Billing Demand” means ninety-nine percent (99%) of:

NP’s test year Native Load less the Generation Credit and the Curtailable Credit.

The Curtailable Credit reflected in the Minimum Billing Demand will be set to equal the curtailable load used to determine the Maximum Native Load for NP for the most recently approved Test Year.

“Month” means for billing purposes, the period commencing at 12:01 hours on the last day of the previous month and ending at 12:00 hours on the last day of the month for which the bill applies.

“Native Load” is the sum of:

(a) the amount of electrical power, delivered at any time and measured in kilowatts, supplied by Hydro to NP, averaged over each consecutive period of fifteen minutes duration, commencing on the hour and ending each fifteen minute period thereafter;
(b) the total generation by NP averaged over the same fifteen-minute periods.

NEWFOUNDLAND AND LABRADOR HYDRO

UTILITY (INTERIM) (continued)

"Weather-Adjusted Native Load" means the Maximum Native Load adjusted to normal weather conditions, calculated as:

Maximum Native Load
plus (Weather Adjustment, rounded to 3 decimal places, x 1000)

Weather Adjustment is further described and defined in the Weather Adjustment section.

"Weather Adjustment True-up" means one-ninth of the difference between:

(a) the greater of:
- the Weather Adjusted Native Load less the Generation Credit and the Curtailable Credit (if applicable), times three; and
- the Minimum Billing Demand, times three; and

(b) the sum of the actual billed demands in the Months of January, February and March of the current year.

NEWFOUNDLAND AND LABRADOR HYDRO

UTILITY (INTERIM) (continued)

Monthly Rates:

Base Rate:

Billing Demand Charge:

Billing Demand, as set out in the Definitions section, shall be charged at the following rate:

$5.50 per kW of billing demand

Energy Charge:

First 250,000,000 kilowatt-hours* ..... @ 3.411 ¢ per kWh
All excess kilowatt-hours* ..... @ 9.446 ¢ per kWh

Firming-up Charge:

Secondary energy supplied by
Corner Brook Pulp and Paper Limited* ..... @ 2.974 ¢ per kWh

RSP Adjustment:

Current Plan ..... @ (0.551) ¢ per kWh

Total RSP Adjustment – All kilowatt-hours ..... @ (0.551) ¢ per kWh

***Subject to RSP Adjustment:**

RSP Adjustment refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

Adjustment for Losses:

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied to metered demand and energy.

Adjustment for Station Services and Step-Up Transformer Losses:

If the metering point is not on the generator output terminals of NP's generators, an adjustment for Newfoundland Power's power consumption between the generator output terminals and the metering point as determined in consultation with the customer prior to the implementation of the metering, shall be applied to the metered demand.

NEWFOUNDLAND AND LABRADOR HYDRO

UTILITY (INTERIM) (continued)

Weather Adjustment: This section outlines procedures and calculations related to the weather adjustment applied to NP's Maximum Native Load.

(a) Weather adjustment shall be undertaken for use in determining NP's Billing Demand.

(b) Weather adjustment shall be derived from Hydro's NP native peak demand model.

(c) By September 30th of each year, Hydro shall provide NP with updated weather adjustment coefficient incorporating the latest year of actuals.

(d) The underlying temperature and wind speed data utilized to derive weather adjustment shall be sourced to weather station data for the St. John's, Gander, and Stephenville airports reported by Environment Canada. NP's regional energy sales shall be used to weight regional weather data. Hydro shall consult with NP to resolve any circumstances arising from the availability of, or revisions to, weather data from Environment Canada and/or wind chill formulation.

(e) The primary definition for the temperature weather variable is the average temperature for the peak demand hour and the preceding seven hours. The primary definition for the wind weather data is the average wind speed for the peak demand hour and the preceding seven hours. Hydro will consult with NP should data anomalies indicate a departure from the primary definition on underlying weather data.

(f) Subject to the availability of weather data from Environment Canada, Hydro shall prepare a preliminary estimate of the Weather-Adjusted Native Load by March 15th of each year, and a final calculation of Weather-Adjusted Native Load by April 5th of each year.

General:

This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.

With respect to all matters where the customer and Hydro consult on resolution but are unable to reach mutual agreement, the billing will be based on Hydro's best estimate.

NEWFOUNDLAND AND LABRADOR HYDRO

INDUSTRIAL - FIRM (INTERIM)

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Base Rate*:

Demand Charge:

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be $8.38 per month per kilowatt of billing demand.

Firm Energy Charge:

Base Rate**..... @ 4.114 ¢ per kWh

Specifically Assigned Charges:

The table below contains the additional specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

	Annual Amount
Corner Brook Pulp and Paper Limited	$891,045
North Atlantic Refining Limited	$91,729
Teck Resources Limited	$208,600
Vale Newfoundland and Labrador Inc	$499,522

RSP Adjustment:

Current Plan ..... @ 0.000 ¢ per kWh
[ ]
Fuel Rider ..... @ 0.000 ¢ per kWh

Total RSP Adjustment – All kilowatt-hours ..... @ 0.000 ¢ per kWh

Teck Resources RSP Adjustment..... @ (1.113) ¢ per kWh

Net Teck Resources RSP Adjustment..... @ (1.113) ¢ per kWh

***Subject to RSP Surplus Credit Adjustment:**

The RSP Surplus Credit Adjustment will apply to the difference between the monthly base rate charges calculated on existing rates (based upon 2015 Test Year costs and excluding RSP adjustments) and the monthly base rate charges calculated using the base rates previously in effect (based upon 2007 Test Year costs and excluding RSP adjustments). The RSP Surplus Credit

NEWFOUNDLAND AND LABRADOR HYDRO

INDUSTRIAL - FIRM (INTERIM)

Adjustment will equal an 85% credit for the period March 1, 2015 to December 31, 2015 and subsequently reduce to a 60% credit effective January 1, 2016 until the conclusion of the credit August 31, 2016.

****Subject to RSP Adjustment:**

RSP Adjustment refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

Adjustment for Losses:

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO

INDUSTRIAL – NON-FIRM (INTERIM)

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

Rate:

Non-Firm Energy Charge (¢ per kWh):

Non-Firm Energy is deemed to be supplied from thermal sources. The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 + C) \times (1 \div (1 - D))\} \times 100$$

A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used

B = the conversion factor for the source used (kWh/bbl)

C = the administrative and variable operating and maintenance charge (10%)

D = the average system losses on the Island Interconnected grid for the last five years ending in 2013 (3.47%)

The energy sources and associated conversion factors are:

1. Holyrood, using No. 6 fuel with a conversion factor of 607 kWh/bbl
2. Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
3. Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl

Adjustment for Losses:

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO

INDUSTRIAL – WHEELING (INTERIM)

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy and whose Industrial Service Agreement so provides.

Rate:

Energy Charge:

All kWh (Net of losses)* ..... @ 0.443 ¢ per kWh

* For the purpose of this Rate, losses shall be 3.47%, the average system losses on the Island Interconnected Grid for the last five years ending in 2013.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO

RATE STABILIZATION PLAN (INTERIM)

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro) is established for Hydro's Utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- customer load (Utility and Island Industrial); and
- rural rates.

The formulae used to calculate the Plan's activity are outlined below. Positive values denote amounts owing from customers to Hydro whereas negative values denote amounts owing from Hydro to customers.

Section A: Hydraulic Production Variation

1. **Activity:**
   Actual monthly production is compared with the Test Year Cost of Service Study in accordance with the following formula:

   $$\{(A - B) \div C\} \times D$$

   Where:

   A = 2015 Test Year Cost of Service Net Hydraulic Production (kWh)
   B = Actual Net Hydraulic Production (kWh)
   C = 2015 Test Year Cost of Service Holyrood Net Conversion Factor (kWh /bbl.)
   D = Monthly Test Year Cost of Service No. 6 Fuel Cost ($Can /bbl.)

2. **Financing:**
   Each month, financing charges, using Hydro's approved Test Year weighted average cost of capital, will be calculated on the balance.

3. **Hydraulic Variation Customer Assignment:**
   Customer assignment of hydraulic variations will be performed annually as follows:

   $$(E \times 25\%) + F$$

   Where:

   E = Hydraulic Variation Account Balance as of December 31, excluding financing charges
   F = Financing charges accumulated to December 31

   The total amount of the Hydraulic Customer Assignment shall be removed from the Hydraulic Variation Account.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE STABILIZATION PLAN (INTERIM) (Continued)

4. Customer Allocation:

The annual customer assignment will be allocated among the Island Interconnected customer groups of (1) Newfoundland Power; (2) Island Industrial Firm; and (3) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh for: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The portion of the hydraulic customer assignment which is initially allocated to Rural Island Interconnected will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved 2015 Test Year Cost of Service Study.

The Newfoundland Power and Island Industrial customer allocations shall be included with the Newfoundland Power and Island Industrial RSP balances respectively as of December 31 each year. The Labrador Interconnected Hydraulic customer allocation shall be written off to Hydro's net income (loss).

Section B: Fuel Cost Variation, Load Variation and Rural Rate Alteration

1. Activity

1.1 Fuel Cost Variations

This is based on the consumption of No. 6 Fuel at the Holyrood Generating Station:

$$(G - D) \times H$$

Where:

D = Monthly 2015 Test Year Cost of Service No. 6 Fuel Cost ($Can /bbl.)
G = Monthly Actual Average No. 6 Fuel Cost ($Can /bbl.)
H = Monthly Actual Quantity of No. 6 Fuel consumed less No. 6 fuel consumed for non-firm sales (bbl.)

1.2 Load Variations

Firm: Firm load variation is comprised of fuel and revenue components. The load variation is determined by calculating the difference between actual monthly sales and the 2015 Test Year Cost of Service Study sales, and the resulting variance in No. 6 fuel costs and sales revenues. It is calculated separately for Newfoundland Power firm sales and Industrial firm sales, in accordance with the following formula:

$$(I - J) \times \{(D \div C) - K\}$$

Where:

C = 2015 Test Year Cost of Service Holyrood Net Conversion Factor (kWh /bbl.)
D = Monthly 2015 Test Year Cost of Service No. 6 Fuel Cost ($Can /bbl.)
I = Actual Sales, by customer class (kWh)
J = 2015 Test Year Cost of Service Sales, by customer class (kWh)
K = Firm energy rate, by customer class

NEWFOUNDLAND AND LABRADOR HYDRO

RATE STABILIZATION PLAN (INTERIM) (Continued)

Secondary: Secondary load variation is based on the revenue variation for Utility Firmed-Up Secondary energy sales compared with the 2015 Test Year Cost of Service Study, in accordance with the following formula:

$$(J - I) \times L$$

Where:

I = Actual Sales (kWh)
J = 2015 Test Year Cost of Service Sales (kWh)
L = Secondary Energy Firming Up Charge

1.3 Rural Rate Alteration

(a) Newfoundland Power Rate Change Impacts:
This component is calculated for Hydro's rural customers whose rates are directly or indirectly impacted by Newfoundland Power's rate changes, with the following formula:

$$(M - N) \times O$$

Where:

M = 2015 Cost of Service rate [1]
N = Existing rate
O = Actual Units (kWh, bills, billing demand)

2. Monthly Customer Allocation: Load and Fuel Activity

At December 31, 2014, the cumulative load variation segregated in accordance with Order No. P.U. 29(2013) will be allocated between Newfoundland Power and the IC based on the percentages derived from 12 months-to-date kWh and transferred to the respective RSP current plan balances. [ ]

Each month, the year-to-date total for fuel price variation and the year-to-date total for the Newfoundland Power and Industrial Customer load variation will be allocated among the Island Interconnected customer groups of (1) Newfoundland Power; (2) Island Industrial Firm; and (3) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh for: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

[1]

- Hydro's schedule of rates for its rural customers not affected by the December 6th, 2006 Government directive.
- For customers affected by the December 6th, 2006 Government directive, the Cost of Service rate equals the phased-in 2007 Forecast Cost of Service Rates for diesel rate classes 1.2D, 2.1D and 2.2D.
- No Rural Rate Alternation will arise from the phase-in of 2007 Forecast Cost of Service rates for the customers affected by the December 6th, 2006 Government directive.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE STABILIZATION PLAN (INTERIM) (Continued)

The year-to-date portion of the fuel price variation and load variation which is initially allocated to Rural Island Interconnected will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved 2015 Test Year Cost of Service Study.

The current month's activity for Newfoundland Power, Island Industrials and regulated Labrador Interconnected customers will be calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month. The current month's activity allocated to regulated Labrador Interconnected customers will be removed from the Plan and written off to Hydro's net income (loss).

3. **Monthly Customer Allocation: Rural Rate Alteration Activity**
   Each month, the rural rate alteration will be allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved 2015 Test Year Cost of Service Study. The portion allocated to regulated Labrador Interconnected will be removed from the Plan and written off to Hydro's net income (loss).

4. **Plan Balances**
   Separate plan balances for Newfoundland Power and the Island Industrial Customer class will be maintained. The allocation of the segregated load variation will be maintained in a separate account until a further Order of the Board approving the method of disposition. Financing charges on the plan balances will be calculated monthly using Hydro's approved Test Year weighted average cost of capital.

Section C: Fuel Price Projection

A fuel price projection will be calculated to anticipate forecast fuel price changes and to determine fuel riders for the rate adjustments. For industrial customers, this will occur in October each year, for inclusion with the RSP adjustment effective January 1. For Newfoundland Power, this will occur in April each year, for inclusion with the RSP adjustment effective July 1.

1. **Industrial Fuel Price Projection:**
   In October each year, a fuel price projection for the following January to December shall be made to estimate a change from the 2015 Test Year No. 6 Fuel Cost. Hydro's projection shall be based on the change from the average Test Year No. 6 fuel purchase price, in Canadian dollars per barrel, determined from the forecast oil prices provided by the PIRA Energy Group, and the current US exchange rate. The calculation for the projection is:

   $$[\{(S - T) \times U\} - V] \times W$$

NEWFOUNDLAND AND LABRADOR HYDRO

RATE STABILIZATION PLAN (INTERIM) (Continued)

Where:

S = the September month-end PIRA Energy Group average monthly forecast for No. 6 fuel prices at New York Harbour for the following January to December
T = Hydro's average 2015 Test Year contract discount (US $/bbl)
U = the monthly average of the $Cdn / $US Bank of Canada Noon Exchange Rate for the month of September
V = average 2015 Test Year Cost of Service purchase price for No. 6 Fuel ($Can /bbl.)
W = the number of barrels of No. 6 fuel forecast to be consumed at the Holyrood Generating Station for the Test Year.

The industrial customer allocation of the forecast fuel price change will be based on 12 months-to-date kWh as of the end of September and is the ratio of Industrial Firm invoiced energy to the total of: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The amount of the forecast fuel price change, in Canadian dollars, and the details of an estimate of the fuel rider based on 12 months-to-date kWh sales to the end of September will be reported to industrial customers, Newfoundland Power, and the Public Utilities Board, by the 10th working day of October.

2. Newfoundland Power Fuel Price Projection:

In April each year, a fuel price projection for the following July to June shall be made to estimate a change from Test Year No. 6 Fuel Cost. Hydro's projection shall be based on the change from the average Test Year No. 6 fuel purchase price, in Canadian dollars per barrel, determined from the forecast oil prices provided by the PIRA Energy Group, and the current US exchange rate. The calculation for the projection is:

$$[\{(X - T) \times Y\} - V] \times W$$

Where:

T = Hydro's average Test Year contract discount (US $/bbl)
V = average 2015 Test Year Cost of Service purchase price for No. 6 Fuel ($Can /bbl.)
W = the number of barrels of No. 6 fuel forecast to be consumed at the Holyrood Generating Station for the 2015 Test Year.
X = the average of the March month-end PIRA Energy Group average monthly forecast for No. 6 fuel prices at New York Harbour for July to December of the current year and for the January to June period of the subsequent year.
Y = the monthly average of the $Cdn / $US Bank of Canada Noon Exchange Rate for the month of March.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE STABILIZATION PLAN (INTERIM) (Continued)

The Newfoundland Power customer allocation of the forecast fuel price change will be based on 12 months-to-date kWh as of the end of March and is the ratio of Newfoundland Power Firm and Firmed-Up Secondary invoiced energy to the total of: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The amount of the forecast fuel price change, in Canadian dollars, and the details of the resulting fuel rider applied to the adjustment rate will be reported to Newfoundland Power, industrial customers, and the Public Utilities Board, by the 10th working day of April.

Section D: Adjustment

1. Newfoundland Power

1.1 As of March 31 each year, Newfoundland Power's adjustment rate for the 12-month period commencing the following July 1 is determined as the rate per kWh which is projected to collect:

Newfoundland Power March 31 Balance

less projected recovery / repayment of the balance for the following three months (if any), estimated using the energy sales (kWh) for April, May and June from the previous year

plus forecast financing charges to the end of the 12-month recovery period (i.e., June in the following calendar year),

divided by the 12-months-to-date firm plus firmed-up secondary kWh sales to the end of March.

A fuel rider shall be added to the above adjustment rate, based on the Newfoundland Power Fuel Price Projection amount (as per Section C.2 above) divided by 12-months-to-date kWh sales to the end of March.

When new Test Year base rates come into effect, if a fuel rider forecast (either March or September) is more current than the test year fuel forecast, a fuel rider will be implemented at the same time as the change in base rates reflecting the more current fuel forecast and the new test year values.

Otherwise, the fuel rider portion of the RSP Adjustment will be set to zero upon implementation of the new Test Year Cost of Service rates, until the time for the next fuel price projection.

1.2 Notwithstanding paragraph 1.1, the RSP rate adjustment scheduled for July 1, 2015 is suspended until a further Order of the Board.

2. Island Industrial Customers

As of December 31 each year, the adjustment rate for industrial customers for the 12-month period commencing January 1 is determined as the rate per kWh which is projected to collect:

Industrial December 31 Balance

NEWFOUNDLAND AND LABRADOR HYDRO

RATE STABILIZATION PLAN (INTERIM) (Continued)

plus forecast financing charges to the end of the following calendar year,

divided by 12-months-to-date kWh sales to the end of December.

This calculation will exclude the Industrial Historical Plan Balance in Section E.

A fuel rider shall be added to the above adjustment rate, based on the Industrial Fuel Price Projection (as per Section C.1 above) amount divided by 12-months-to-date kWh sales to the end of December.

When new Test Year base rates come into effect, if a fuel rider forecast (either March or September) is more current than the test year fuel forecast, a fuel rider will be implemented at the same time as the change in base rates reflecting the more current fuel forecast and the new test year values. Otherwise, the fuel rider portion of the RSP Adjustment will be set to zero upon implementation of the new Test Year Cost of Service rates, until the time for the next fuel price projection.

[ ]

Section E: RSP Surplus:

1. August 31, 2013 Balance:

The net load variation for Newfoundland Power and the Industrial Customers from January 1, 2007 to August 31, 2013, including financing (the RSP Surplus), will be removed from the respective customer class balance, and allocated based upon direction provided by Government in Orders in Council OC2013-089 and OC2013-207. The balances which remain after this amount is removed will form the adjusted August 31, 2013 current plan balances for each customer class.

1.1 Industrial Customer RSP Surplus:

OC2013-089 states that the remaining IC RSP Surplus is to be used to fund a three-year phase-in of rate increases for Island Industrial customers.

Transfer of Industrial Customer Current Plan Balance

Effective December 31, 2014, a one-time transfer from the Industrial Customer RSP Surplus will be applied to the Industrial Customer RSP current plan balance to reduce the adjusted December 31, 2014 balance to zero.

Industrial Customer RSP Surplus Credit Adjustment:

Using funds from the RSP Surplus, the RSP Surplus Credit Adjustment will apply to the difference between the monthly base rate charges, excluding RSP adjustments, calculated using the proposed 2015 Test Year base rates and the approved 2007 Test Year base rates. The RSP Surplus Credit Adjustment will equal an 85% credit for the period March 1, 2015 to December 31, 2015 and subsequently reduce to a 60% credit effective January 1, 2016 until the conclusion of the credit August 31, 2016.

The monthly adjustments and financing will be applied to the RSP Surplus balance each month. At the end of the phase-in period, any remaining balance will be added to the current Industrial Customer plan balance.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE STABILIZATION PLAN (INTERIM) (Continued)

Teck Resources

The Teck Resources RSP Adjustment rate will be (1.113) ¢ per kWh effective March 1, 2015.

As per Board Order No. P.U. 29(2013), the Teck Resources RSP Adjustment rate will continue to be segregated from the other components of the Industrial Customer RSP to permit the phase-in of Industrial Customer rates in accordance with OC2013-089 until a further order of the Board to discontinue the Teck Resources RSP Adjustment rate.

1.2 Newfoundland Power RSP Surplus:

The Newfoundland Power allocated amount of the RSP Surplus will be segregated held until such time as its disposition occurs in accordance with an Order of the Board of Commissioners of Public Utilities through a refund in accordance with Order in Council OC2013-089.

2. Plan Balances

Separate plan balances for Newfoundland Power and the Island Industrial customer class will be maintained. Financing charges on the plan balances will be calculated monthly using Hydro's approved Test Year weighted average cost of capital.

NEWFOUNDLAND AND LABRADOR HYDRO

CONSERVATION AND DEMAND MANAGEMENT COST RECOVERY

(INTERIM)

The CDM Cost Recovery Adjustment, expressed in cents per kWh, will be calculated to provide for the recovery of costs charged annually to the Conservation and Demand Management Cost Deferral Account (the "CDM Cost Deferral Account") over a seven-year period.

For the initial year of calculating the CDM Cost Recovery Adjustment, the CDM Cost Recovery Adjustment will be calculated to recover 1/7th of the CDM Cost Deferral Account balance at December 31 of the previous year. For each subsequent year, the CDM Cost Recovery Adjustment will be calculated to recover the sum of individual amounts representing 1/7th of the transfer to the CDM Deferral Account for the previous year and the amortizations carried forward from prior years.

There will be different CDM Cost Recovery Adjustments for Island Industrial Customers and Newfoundland Power. The CDM Cost Recovery Adjustment for Island Industrial Customers will be calculated based upon the Island Interconnected Recoverable Amount allocated for recovery from Island Industrial Customers. The CDM Cost Recovery Adjustment for Newfoundland Power will be calculated based upon the allocated Island Interconnected Recoverable Amount to Newfoundland Power (including the allocated Island Interconnected Hydro Rural Amount) plus the allocated Hydro Rural Isolated System amount to Newfoundland Power.

Assignment of Customer Balance for Recovery

The Island Interconnected Recoverable Amount will be allocated among the Island Interconnected customer groups of (1) Newfoundland Power; (2) Island Industrial Firm; and (3) Rural Island Interconnected. The allocation will be based on percentages of previous calendar year sales for: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The portion of the Island Interconnected Recoverable Amount which is initially allocated to Rural Island Interconnected will be added to the Hydro Rural Isolated System Recoverable Amount, and then re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study.

The Labrador Interconnected Recoverable Amount shall be written off to Hydro's net income (loss).

NEWFOUNDLAND AND LABRADOR HYDRO

CONSERVATION AND DEMAND MANAGEMENT COST RECOVERY

(INTERIM)

CDM Cost Recovery Adjustment

Newfoundland Power:

The adjustment rate for each year will be determined as follows:

$$B = (C \div D)$$

Where:

B = adjustment rate (¢ per kWh) for the 12-month period commencing the following July 1.
C = Recoverable Amount assigned to Newfoundland Power from previous calendar year.
D = energy sales (kWh) (firm and firmed-up secondary) to Newfoundland Power for the previous calendar year.

Island Industrial Customers:

The adjustment rate for each year will be determined as follows:

$$E = (F \div H)$$

Where:

E = adjustment rate (¢ per kWh) for the 12-month period commencing the following July 1.
F = Recoverable Amount assigned to Industrial Customers from previous calendar year.
H = firm energy sales (kWh) to Industrial Customers for the previous calendar year.

NEWFOUNDLAND AND LABRADOR HYDRO

RULES AND REGULATIONS (INTERIM)

APPLICABILITY:

These general Rules and Regulations apply to all Hydro Rural Customers.

1. INTERPRETATION:

(a) In these Rates and Rules the following definitions shall apply:

(i) "***Act***" means The Public Utilities Act, R.S.N. 1990, c.P-47 as amended from time to time.

(ii) "***Applicant***" means any person who applies for Service.

(iii) ***"Board"*** means the Board of Commissioners of Public Utilities of Newfoundland and Labrador.

(iv) "***Hydro***" means Newfoundland and Labrador Hydro.

(v) "***Hydro rural customers***" means regulated customers served by Hydro other than industrial customers and Newfoundland Power.

(vi) "***Customer***" means any person who accepts or agrees to accept Service.

(vii) "***Disconnected***" or "***Disconnect***" in reference to a Service means the physical interruption of the supply of electricity thereto.

(viii) "***Discontinued***" or "***Discontinue***" in reference to a Service means to terminate the Customer's on-going responsibility with respect to the Service.

(ix) "***Domestic Unit***" means a house, apartment or other similar residential unit which is normally occupied by one family, or by a family and no more than four other persons who are not members of that family, or which is normally occupied by no more than six unrelated persons.

(x) ***"Service"*** means any service(s) provided by Hydro pursuant to these Regulations.

(xi) "***Serviced premises***" means the premises at which Service is delivered to the Customer.

(xii) *"**Government Departments**"* means electric service accounts of Provincial or Federal government departments, agencies, boards, commissions, and crown corporations but excludes hospitals, fish plants, churches, schools, community halls, municipal buildings and like facilities.

NEWFOUNDLAND AND LABRADOR HYDRO

RULES AND REGULATIONS (INTERIM) (Continued)

(b) Unless the context requires otherwise these Rates and Rules shall be interpreted such that:

(i) words imparting male persons include female persons and corporations.

(ii) words imparting the singular include the plural and vice versa.

2. CLASSES OF SERVICE:

(a) Hydro shall provide the following classes of Service:

ISLAND INTERCONNECTED AREA

1.1	Domestic
1.1S	Domestic Seasonal
1.3	Burgeo School and Library
2.1	General Service, 0-100 kW
2.3	General Service, 110 kVA (100 kW) - 1000 kVA
2.4	General Service, 1000 kVA and Over
4.1	Street and Area Lighting Service

ISLAND AND LABRADOR DIESEL AREA

1.2D	Domestic Diesel - Non-Government
1.2DS	Domestic Seasonal Diesel – Non-Government
2.1D	General Service Diesel - Non-Government, 0-10 kW
2.2D	General Service Diesel - Non-Government, 10 kW and Over
4.1D	Street and Area Lighting Service Diesel - Non-Government
1.2G	Domestic Diesel - Government Departments
2.1G	General Service Diesel - Government Departments, 0-10kW
2.2G	General Service Diesel - Government Departments, 10kW and Over
4.1G	Street and Area Lighting Service Diesel - Government Departments

NEWFOUNDLAND AND LABRADOR HYDRO

RULES AND REGULATIONS (INTERIM) (Continued)

LABRADOR INTERCONNECTED AREA

1.1L	Domestic
2.1L	General Service, 0-10 kW
2.2L	General Service, 10-100 kW (110 kVA)
2.3L	General Service, 110 kVA (100 kW) - 1000 kVA
2.4L	General Service, 1000 kVA and Over
4.1L	Street and Area Lighting Service
4.11L	Street and Area Lighting Service Labrador - Installed as of Sept. 1, 2002
4.12L	Street and Area Lighting Service Labrador– Customer Owned
5.1L	Secondary Energy

(b) The terms and conditions relating to each class of Service shall be those approved by the Board from time to time.

(c) Service, other than Street and Area Lighting Service, shall be metered except where the energy consumption is relatively low and constant and in the opinion of Hydro can be readily determined without metering.

(d) The Customer shall use the Service on the Serviced Premises only. The Customer shall not resell the Service in whole or in part except that the Customer may include the cost of Service in charges for the lease of space or as part of the cost of other services provided by the Customer.

3. APPLICATION FOR SERVICE:

(a) An Applicant, when required by Hydro, shall complete a written Electrical Service Contract.

(b) An application for Service, when accepted by Hydro, constitutes a binding contract between the Applicant and Hydro which cannot be assigned.

(c) The person who signs an application for Service shall be personally liable for Service provided pursuant thereto, unless that person has authority to act for another Person denoted as the Applicant on the application for Service.

(d) Hydro may in its discretion refuse to provide Service to an Applicant where:

(i) the Applicant fails or refuses to complete an application for Service.

(ii) the Applicant provides false or misleading information on the application for Service.

(iii) the Applicant or the Owner or an Occupant of the Serviced Premises has a bill for any Service which is not paid in full 30 days or more after issuance.

(iv) the Applicant fails to provide the security or guarantee required under Regulation 4.

NEWFOUNDLAND AND LABRADOR HYDRO

RULES AND REGULATIONS (INTERIM) (Continued)

(v) the Applicant is not the owner or an occupant of the Serviced Premises.

(vi) the Service requested is already supplied to the Serviced Premises for another Customer who does not consent to having his Service Discontinued.

(vii) the Applicant does not pay a charge described in Regulation 9 (b), (c) or (d).

(viii) the Applicant otherwise fails to comply with these Regulations.

(e) A Customer who has not completed an application for Service shall do so within 5 days of a request having been made by Hydro in writing.

4. SECURITY FOR PAYMENT:

(a) An Applicant or a Customer shall give such reasonable security for the payment of charges as may be required by Hydro. When the Customer has established two consecutive years of good credit history, the security deposit will be refunded with simple interest calculated at a Rate equivalent to the Rate paid from time to time by the chartered banks on over-the-counter withdrawal savings accounts.

(b) Hydro may in its discretion require special guarantees from an Applicant or Customer whose location or load characteristics would require abnormal investment in facilities or who requires Service of a special nature.

5. SERVICE STANDARDS - METERED SERVICES:

(a) Service shall normally be provided at one of the following nominal standard secondary voltages depending upon the requirements of the load to be served and the availability of a three phase supply:

Single phase, 3-Wire	-	120/240 volts
Three phase, 4-Wire	-	120/208 volts wye
Three phase, 4-Wire	-	347/600 volts wye

Service at any other supply voltage may be provided in special cases at the discretion of Hydro.

(b) Service shall be supplied at single-phase 120/240 volts where the maximum demand is estimated by Hydro to be less than 75 kW. Where the maximum demand is estimated to be 75kW or greater, service shall normally be supplied at one of the standard three-phase voltages.

NEWFOUNDLAND AND LABRADOR HYDRO

RULES AND REGULATIONS (INTERIM) (Continued)

Hydro may, if requested by the Customer, provide a three-phase supply where the maximum demand is estimated to be less than 75 kW, if a contribution in aid of construction is paid to Hydro to cover the cost of transformers, equipment and any line extensions or upgrades required to provide the three-phase service.

To determine the contribution required, the cost to provide three-phase service will be reduced by the value of any single-phase plant supported by the projected revenue from the Customer, as calculated in accordance with Hydro's distribution line contribution in aid of construction policy applicable to General Service Customers. Where the necessary equipment and transformer capacity already exist at the location in question, no contribution in aid of construction will be required to provide the three-phase service.

(c) Hydro shall determine the point at which power and energy is delivered from Hydro's facilities to the Customer's electrical system.

(d) Service entrances shall be in a location satisfactory to Hydro and, except as otherwise approved by Hydro, shall be wired for outdoor meters.

(e) Where Hydro has reason to believe that Service to a Customer has or will have load characteristics which may cause undue interference with Service to another Customer, the Customer shall upon written notice by Hydro provide and install, at his expense and within a reasonable period of time, the equipment necessary to eliminate or prevent such interference.

(f) (i) Any Customer having a connected load or a normal operating demand of more than 25 kilowatts, in areas where space limitations or aesthetic reasons make it impractical to use a pole mounted transformer bank, shall, on request of Hydro, install and maintain a padmount transformer and all associated underground wiring, or provide at his expense a suitable vault or enclosure on the Serviced Premises for exclusive use by Hydro for its equipment necessary to supply and maintain service to the Customer.

(ii) Where either the service requirements of a Customer or changes to a Customer's electrical system necessitate the installation of additional equipment to Hydro's system which cannot be accommodated in Hydro's existing vaults or structures, the Customer shall, on request of Hydro, provide at the Customer's expense such additional space in its vault or enclosure as Hydro shall require to accommodate the additional equipment.

(g) The Customer shall not use a Service for across the line starting of motors rated over 10 horsepower except where specifically approved by Hydro.

(h) For Services having rates based on kilowatt demand, the average power factor shall not be less than 90%. Hydro, in its discretion, may make continuous tests of power factor or may test the Customer's power factor from time to time. If the Customer's power factor is lower than 90%, the Customer shall upon written notice by Hydro provide, at his expense, power factor corrective equipment to ensure that a power factor of not less than 90% is maintained.

NEWFOUNDLAND AND LABRADOR HYDRO

RULES AND REGULATIONS (INTERIM) (Continued)

(i) Hydro shall provide transformation for Service up to 500 kVA where the required service voltage is one of Hydro's standard service voltages and installation is in accordance with Hydro's standards. In other circumstances, Hydro, on such conditions as it deems acceptable, may provide the transformation.

(j) All Customer wiring and installations shall be in compliance with all statutory and regulatory requirements including the Canadian Electrical Code, Part 1 and, where applicable, in accordance with Hydro's specifications. However, the provision of Service shall not in any way be construed as acceptance by Hydro of the Customer's electrical system.

(k) The Customer shall provide such protective devices as may be necessary to protect his property and equipment from any disturbance beyond the reasonable control of Hydro.

6. SERVICE STANDARDS - STREET AND AREA LIGHTING SERVICE:

(a) For Street and Area Lighting Service Hydro shall use its best efforts to provide illumination during the hours of darkness for a total of approximately 4200 hours per year. Hydro shall, subject to Regulation 9 (i) make all repairs necessary to maintain service.

(b) Hydro shall supply the energy required and shall provide and maintain the illuminating fixtures and lamps together with necessary overhead conductors, control equipment and other devices.

(c) Hydro shall not be required to provide Street and Area Lighting Service where, in the opinion of Hydro, the normal Service is unsuitable for the task or where the nature of the activities carried out in the area would likely result in damage to the poles, wiring or fixtures.

(d) Hydro shall provide a range of fixture sizes utilizing an efficient lighting source in accordance with current standards in the industry and shall consult with the Customer regarding the most appropriate use of such fixtures for any specific installation.

(e) The location of fixtures for Street and Area Lighting Service shall be determined by Hydro in consultation with the Customer. After poles and fixtures have been installed they shall not be relocated except at the expense of the Customer.

(f) Hydro does not guarantee that fixtures used for Street and Area Lighting Service will illuminate any specific area.

(g) Where the installation of fixtures is required in a location where there are no existing distribution poles the Customer shall pay any contribution in aid of construction as may be determined under Hydro's policy for the pole line extension required to supply electric service to the location of the fixtures.

NEWFOUNDLAND AND LABRADOR HYDRO

RULES AND REGULATIONS (INTERIM) (Continued)

(h) Hydro shall not be required to provide additional Street and Area Lighting Service to a Customer where on at least two occasions in the preceding twelve months, his bill for such Service has been in arrears for more than 30 days.

7. METERING:

(a) Service to each building shall be metered separately except as provided in Regulation 7(b).

(b) Service to buildings and facilities on the same Serviced Premises which are occupied by the same Customer may, subject to Regulation 7(c), be metered together provided the Customer supplies and maintains all distribution facilities beyond the point of supply.

(c) Except as provided in Regulation 7(d) Service to each new Domestic Unit shall be metered separately.

(d) Where an existing Domestic Unit is subdivided into two or more new Domestic Units, Service to the new Domestic Units may, in the discretion of Hydro, be metered together.

(e) Where four or more Domestic Units are metered together, the Basic Customer Charge shall be multiplied by the number of Domestic Units.

(f) Where the Service to a Domestic Unit has a connected load for commercial or nondomestic purposes exceeding 3000 watts, exclusive of space heating, the Service shall not qualify for the Domestic Service Rate.

(g) Hydro shall not be required to provide more than one meter per Service, however, sub-metering by the Customer for any purpose not inconsistent with these Regulations is permitted.

(h) Subject to Regulations 7(c) and 7(g) Service to different units of a building may, at the request of the Customer, be combined on one meter or be metered separately.

(i) Maximum demand for billing purposes shall be determined by demand meter or, at the option of Hydro, may be based on:

(i) 80% of the connected load, where the demand does not exceed 100 kW, or

(ii) the smallest size transformer(s) required to serve the load if it is intermittent in nature such as X-Ray, welding machines or motors that operate for periods of less than thirty minutes, or

(iii) the kilowatt-hour consumption divided by an appropriate number of hours use where the demand is less than 10 kW.

(j) When charges are based on maximum demand the metering shall normally be in kVA if the applicable Rate is in kVA and in kW if the applicable Rate is in kW.

NEWFOUNDLAND AND LABRADOR HYDRO

RULES AND REGULATIONS (INTERIM) (Continued)

If the demand is recorded on a kVA meter but the applicable Rate is based on a kW demand, the recorded demand may be decreased by ten percent (10%) and the result shall be treated as the kW demand for billing purposes.

If the demand is recorded on a kW meter but the applicable Rate is based on a kVA demand, the recorded demand may be increased by ten percent (10%) and the result shall be treated as the kVA demand for billing purposes.

(k) The Customer shall ensure that meters and related equipment are visible and readily accessible to Hydro's personnel and are suitably protected. Unless otherwise approved by Hydro, meters shall be located outdoors and shall not subsequently be enclosed.

(l) If a meter is located indoors and Hydro employees are unable to obtain access to read the meter at the normal reading time for three consecutive months, the Customer shall upon written notice given by Hydro, provide for the installation of an outdoor meter at his expense.

(m) In the event that a dispute arises regarding the accuracy of a meter, and Hydro is unable to resolve the matter with the Customer then either the Customer or Hydro shall have the right to request an accuracy test in accordance with the requirements of the Electricity Inspection Act of Canada. Should the test indicate that the meter accuracy is not within the allowable limits, the Customer's bill shall be adjusted in accordance with the provisions of the said Act and all costs involved in the removal and testing of the meter shall be borne by Hydro. Should the test confirm the accuracy of the meter, the costs involved shall be borne by the party requesting the test. Hydro may require a Customer to deposit with Hydro in advance of testing, an amount sufficient to cover the costs involved.

(n) Metering shall normally be at secondary distribution voltage level but may at the option of Hydro be at the primary distribution level. When metering is at the primary distribution voltage (4-25KV) the monthly demand and energy consumption shall be reduced by 1.5%.

8. METER READING:

(a) Where reasonably possible Hydro shall read meters monthly provided that Hydro may, at its discretion, read meters at some other interval and estimate the reading for the intervening month(s). Areas which consist primarily of cottages will have their meters read four times per year and Hydro will estimate the readings for all other months.

(b) If Hydro is unable to obtain a meter reading due to circumstances beyond its reasonable control, Hydro may estimate the reading.

(c) If due to any cause a meter has not correctly recorded energy consumption or demand, then the probable consumption or demand shall be estimated in accordance with the best data available and used to determine the relevant charge.

NEWFOUNDLAND AND LABRADOR HYDRO

RULES AND REGULATIONS (INTERIM) (Continued)

9. CHARGES:

(a) Every Customer shall pay Hydro the charges approved by the Board from time to time for the Service(s) provided to the Customer or provided to the Serviced Premises at the Customer's request.

(b) Where a Customer requires Service for a period of less than three (3) years, the Customer shall pay Hydro in advance a "Temporary Connection Fee". The Temporary Connection Fee is calculated as the estimated labour cost of installing and removing lines and equipment necessary for the Service plus the estimated cost of non-salvageable material.

(c) Where special facilities are required or requested by the Customer or any facility is relocated at the request of the Customer, the Customer shall pay Hydro in advance the estimated additional cost of providing the special facilities and the estimated cost of the relocation less any betterment.

(d) The Customer shall pay Hydro in advance or on such other terms approved by the Board from time to time any contribution in aid of construction as may be determined by the methods prescribed by the Board.

(e) The Customer shall pay Hydro the amount set forth in the Rate for all poles required for Street and Area Lighting Service which are in addition to those installed by Hydro for the distribution of electricity. This charge shall not apply to Hydro poles and communications poles used jointly for Street and Area Lighting Service and communications attachments.

(f) Where a service is Disconnected pursuant to Regulation 12(a), b(ii), (c), or (d) and the Customer subsequently requests that the service be reconnected, the Customer shall pay a reconnection fee. Where a Service is Disconnected pursuant to Regulation 12(g) and an Applicant subsequently requests that the service be reconnected, the Applicant shall pay a reconnection fee. Applicants that pay the reconnection fee will not be required to pay the application fee. The reconnection fee shall be $20.00 where the reconnection is done during Hydro's normal office hours or $40.00 if it is done at other times.

(g) Where a Service, other than a Street and Area Lighting Service, is Discontinued pursuant to Regulation 11(a), or Disconnected pursuant to Regulations 12(a), b(ii), (c) or (d) and the Customer subsequently requests that the Service be restored within 12 months, the Customer shall pay, in advance, the minimum monthly charges that would have been incurred over the period if the Service had not been Discontinued or Disconnected.

(h) (i) Where a Street and Area Lighting Service is Discontinued pursuant to Regulation 11(a), (b), or (c), or 9(i), or when a Customer requests removal of existing fixtures, and/or poles, the Customer shall pay at the time of removal an amount equal to the unrecovered capital cost, plus the cost of removal less any salvage value of only the poles to be Discontinued or removed.

(ii) If a Customer requests the subsequent replacement of the fixture, either immediately or at any time within 12 months by another, whether or not of the same type or size, the Customer shall pay, in advance, an amount equal to the

NEWFOUNDLAND AND LABRADOR HYDRO

RULES AND REGULATIONS (INTERIM) (Continued)

unrecovered capital cost of the fixture removed, plus the cost of removal, less any non-luminaire salvage, as well as the monthly charges that would have been incurred over the period if the Service had not been Discontinued.

(iii) Where a Street and Area Lighting Service is Discontinued, any pole dedicated solely to the Street and Area Lighting Service may, at the Customer's request, remain in place for up to 24 months from the date of removal of the fixture, during which time the Customer shall continue to pay the prescribed monthly charge for the pole.

(i) Where street and area lighting fixtures or lamps are wantonly, wilfilly, or negligently damaged or destroyed (other than through the negligence of Hydro), Hydro, at its option and after notifying the Customer by letter, shall remove the fixtures and the monthly charges for these fixtures will cease thirty days after the date of the letter. However, if the customer contacts Hydro within thirty days of the date of the letter and agrees to pay the repair costs in advance and all future repair costs, Hydro will replace the fixture and rental charges will recommence. If any future repair costs are not paid within three months of the date invoiced, Hydro, after further notifying the Customer by letter, may remove the fixtures. In all such cases the fixtures shall not be replaced unless the Customer pays to Hydro in advance all amounts owing prior to removal plus the cost of removing the old fixtures and installing the new fixtures.

(j) Where a Service other than Street and Area Lighting Service is not provided to the Customer for the full monthly billing period or where Street and Area Lighting Service is not provided for more than seven (7) days during the monthly billing period, the relevant charge to the Customer for the Service for that period may be prorated except where the failure to provide the Service is due to the Customer or to circumstances beyond the reasonable control of Hydro.

(k) Where a Customer's Service is at primary distribution or transmission voltage and the Customer provides his own transformation and all other facilities beyond the designated point of supply the monthly demand charge shall, subject to the minimum monthly charge, be reduced as follows:

For the Island Interconnected, L'Anse au Loup and Isolated service areas:

(i) for supply at 4 KV to 25 KV..... $0.40 per kVA

(ii) for supply at 33 KV to 138 KV..... $0.90 per kVA

For the Labrador Interconnected service area:

(iii) for supply at 4 KV to 25 KV..... $0.25 per kVA

(iv) for supply at 33 KV to 138 KV..... $0.60 per kVA

NEWFOUNDLAND AND LABRADOR HYDRO

RULES AND REGULATIONS (INTERIM) (Continued)

(l) Where a Customer's monthly demand has been permanently reduced because of the installation of peak load controls, power factor correction, or by rendering sufficient equipment inoperable, by any means satisfactory to Hydro, the monthly demands recorded prior to the effective date of such reduction may be adjusted when determining the Customer's demand for billing purposes thereafter. Should the Customer's demand increase above the adjusted demands in the following 12 months, the Customer will be billed for the charges that would have been incurred over the period if the demand had not been adjusted.

(m) Charges may be based on estimated readings or costs where such estimates are authorized by these Regulations.

(n) An application fee of $8.00 will be charged for all requests for Customer name changes and connection of new Serviced Premises. Landlords will be exempted from the application fee for name changes at Serviced Premises for which a landlord agreement pursuant to Regulation 11(f) is in effect.

10. BILLING:

(a) Hydro shall bill the Customer monthly for charges for Service. However, when a Service is disconnected or a bill is revised, Hydro may issue an additional bill.

(b) The charges for Street and Area Lighting Service may be included as a separate item on a bill for any other Service.

(c) Bills are due and payable when issued. Payment shall be made at such place(s) as Hydro may designate from time to time. Where a bill is not paid in full by the date that a subsequent bill is issued and the amount outstanding is $50.00 or more, Hydro will charge interest at a rate equal to the prime rate charged by chartered banks on the last day of the previous month plus five percent.

(d) Where a Customer's cheque or automated payment is not honoured by their financial institution, a charge of $16.00 may be applied to the Customer's bill.

(e) Where a Customer is billed on the basis of an estimated charge, an adjustment shall be made in a subsequent bill should such estimate prove to be inaccurate.

(f) Where between normal meter reading dates, one Customer assumes from another Customer the responsibility for a metered Service or a Service is Discontinued, Hydro may base the billing on an estimate of the reading as of the date of change.

(g) Where a Customer has been under billed due to an error on the part of Hydro or due to an act or omission by a third party, the Customer may, at the discretion of Hydro, be relieved of the responsibility for all or any part of the amount of the under billing.

NEWFOUNDLAND AND LABRADOR HYDRO

RULES AND REGULATIONS (INTERIM) (Continued)

11. DISCONTINUANCE OF SERVICE:

(a) A Service may be Discontinued by the Customer at any time upon prior notice to Hydro provided that Hydro may require 10 days prior notice in writing.

(b) A Service may be Discontinued by Hydro upon 10 days prior notice in writing to the Customer if the Customer:

(i) provided false or misleading information on the application for the Service

(ii) fails to provide security or guarantee for the Service required under Regulation 4.

(c) A Service may be Discontinued by Hydro without notice if the Service was Disconnected pursuant to Rule 12 and has remained Disconnected for over 30 consecutive days.

(d) When Hydro accepts an application for Service, any prior contract for the same Service shall be Discontinued except where an agreement for that Service is signed by a landlord under Regulation 11(f).

(e) Where a Service has been Discontinued, the Service may, at the option of Hydro and subject to Rule 12(a), remain connected.

(f) A landlord may sign an agreement with Hydro to accept charges for Service provided to a rental premise for all periods when Hydro does not have a contract for Service with a tenant for that premise.

12. DISCONNECTION OF SERVICE:

(a) Hydro shall Disconnect a Service within 10 days of receipt of a written request from the Customer.

(b) Hydro may Disconnect a Service without notice to the Customer:

(i) where the Service has been Discontinued.

(ii) on account of or to prevent fraud or abuse.

(iii) where in the opinion of Hydro the Customer's electrical system is defective and represents a danger to life or property.

(iv) where the Customer's electrical system has been modified without compliance with the Electrical Regulations.

(v) where the Customer has a building or structure under Hydro's wires which is within the minimum clearances recommended by the Canadian Standards Association.

(vi) when ordered to do so by any authority having the legal right to issue such order.

NEWFOUNDLAND AND LABRADOR HYDRO

RULES AND REGULATIONS (INTERIM) (Continued)

(c) Hydro may, in accordance with its Collection Policies, Disconnect a Service upon prior notice to the Customer if the Customer has a bill for any Service which is not paid in full 30 *days or more after issuance.*

(d) Hydro may Disconnect a Service upon 10 days prior notice to the Customer if the Customer is in violation of any provision of these Regulations.

(e) Hydro may refuse to reconnect a Service if the Customer is in violation of any provisions of these Rules or if the Customer has a bill for any Service which is unpaid.

(f) Hydro may disconnect a service to make repairs or alterations. Where reasonable and practical, Hydro shall give prior notice to the Customer.

(g) Hydro may disconnect the Service to a rental premises where the landlord has an agreement with Hydro authorizing Hydro to disconnect the Service for periods when Hydro does not have a contract for Service with a tenant of that premises.

13. PROPERTY RIGHTS:

(a) The Customer shall provide Hydro with space and cleared rights-of-way on private property for the line(s) and facilities required to serve the Customer.

(b) Hydro shall have the right to install, remove or replace such of its property as it deems necessary.

(c) The Customer shall provide Hydro with access to the Serviced Premises at all reasonable hours for purposes of reading a meter or installing, replacing, removing or testing its equipment, and measuring or checking the connected load.

(d) All equipment and facilities provided by Hydro shall remain the property of Hydro unless otherwise agreed in writing.

(e) The Customer shall not unreasonably interfere with Hydro's access to its property.

(f) The Customer shall not attach wire, cables, clotheslines or any other fixtures to Hydro's poles or other property except by prior written permission of Hydro.

(g) The Customer shall allow Hydro to trim all trees in close proximity to service lines in order to maintain such lines in a safe manner.

(h) The Customer shall not erect any buildings or obstructions on any of Hydro's easement lands or alter the grade of such easements by more than 20 centimetres, without the prior approval of Hydro.

NEWFOUNDLAND AND LABRADOR HYDRO

RULES AND REGULATIONS (INTERIM) (Continued)

14. HYDRO LIABILITY:

Hydro shall not be liable for any failure to supply Service for any cause beyond its reasonable control, nor shall it be liable for any loss, damage or injury caused by the use of Services or resulting from any cause beyond its reasonable control.

15. GENERAL:

(a) No employee, representative or agent of Hydro has authority to make any promise, agreement or representation, whether verbal or otherwise, which is inconsistent with these Regulations and no such promise, agreement or representation shall be binding on Hydro.

(b) Any notice under these Regulations will be considered to have been given to the Customer on the date it is received by the Customer or three days following the date it was delivered or mailed by Hydro to the Customer's last known address, whichever is sooner.

16. POLICIES FOR AUTOMATIC RATE CHANGES

(a) Island Interconnected System:

(i) As Newfoundland Power changes its rates, Hydro will automatically adjust all rates such that these customers pay the same rates as Newfoundland Power customers.

(b) L'Anse au Loup System:

(i) As Newfoundland Power changes its rates, Hydro will automatically adjust all rates such that these customers pay the same rates as Newfoundland Power customers.

(c) Isolated Systems:

(i) Isolated Rural Domestic customers, excluding Government departments, pay the same rates as Newfoundland Power for the basic customer charge and First Block consumption (outlined in Rate 1.2D). Rates charged for consumption above this block will be automatically adjusted by the average rate of change granted Newfoundland Power from time to time.

(ii) Rates for Isolated Rural General Service customers, excluding Government departments, will increase or decrease by the average rate of change granted Newfoundland Power from time to time.

(iii) As Newfoundland Power changes its rates, Hydro will automatically adjust Rural Isolated street and area lighting rates, excluding those for Government departments, such that these rates are the same as charged Newfoundland Power customers.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE No. 1.2G

DOMESTIC DIESEL

GOVERNMENT DEPARTMENTS (INTERIM)

Availability:

For Service to Government Departments throughout the Island and Labrador diesel service areas of Hydro, to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

Rate:

Basic Customer Charge ..... $58.03 per month

Energy Charge:
All kilowatt-hours ..... @ 88.360 ¢ per kWh

Minimum Monthly Charge $58.03

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than $1.00 or more than $500.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations.
This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE No. 2.1G

GENERAL SERVICE DIESEL 0-10 kW

GOVERNMENT DEPARTMENTS (INTERIM) (Continued)

Availability:

For Service (excluding Domestic Service) to Government Departments throughout the Island and Labrador diesel service areas of Hydro where the maximum demand occurring in the 12 months ending with the current month is less than 10 kilowatts.

Rate:

Basic Customer Charge ..... $62.22 per month

Energy Charge:
All kilowatt-hours ..... @ 80.272¢ per kWh

Minimum Monthly Charge..... $62.22

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than $1.00 or more than $500.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations.
This rate schedule does not include the Harmonized Sales Tax (HST), which applies to electricity bills.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE 2.2G

GENERAL SERVICE DIESEL OVER 10 KW

GOVERNMENT DEPARTMENTS (INTERIM) (Continued)

Availability:

For Service (excluding Domestic Service) to Government Departments throughout the Island and Labrador diesel service areas of Hydro where the maximum demand occurring in the 12 months ending with the current month is 10 kilowatts or greater.

Rate:

Basic Customer Charge: ..... $76.64 per month

Demand Charge:
The maximum demand registered on the meter in the current month..... @ $62.25 per kW

Energy Charge:
All kilowatt-hours..... @ 58.135 ¢ per kWh

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than $1.00 or more than $500.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO

RATE 4.1G

STREET AND AREA LIGHTING SERVICE DIESEL

GOVERNMENT DEPARTMENTS (INTERIM) (Continued)

Availability:

For Street and Area Lighting Service to Government Departments throughout the Island and Labrador Diesel service areas of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by Hydro.

Monthly Rate:

	SENTINEL / STANDARD
MERCURY VAPOUR	
250W (9,400 lumens)	$89.67
HIGH PRESSURE SODIUM [1]	
100W (8,600 lumens)	60.22
150W (14,400 lumens)	89.67

[1] Only High Pressure Sodium fixtures are available for all new installations and replacements.

General:

Details regarding conditions of service are provided in the Rules and Regulations.
This rate schedule does not include the Harmonized Sales Tax (HST), which applies to electricity bills.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE No. 1.1L

DOMESTIC (INTERIM)

Availability:

For Service throughout the Labrador Interconnected service area of Hydro, to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

Rate:

Basic Customer Charge: ..... $7.29 per month

Energy Charge:
All kilowatt-hours ..... @ 3.341 ¢ per kWh

Minimum Monthly Charge..... $7.29

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than $1.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations**.**
This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE No. 2.1L

GENERAL SERVICE 0 - 10 kW (INTERIM)

Availability:

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, where the maximum demand occurring in the 12 months ending with the current month is less than 10 kilowatts.

Rate:

Basic Customer Charge: ..... $10.65 per month

Energy Charge:
All kilowatt-hours ..... @ 5.339 ¢ per kWh

Minimum Monthly Charge: Single Phase..... $10.65
Three Phase..... $20.00

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than $1.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding conditions of service are provided in the Rules and Regulations.
This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE No. 2.2L

GENERAL SERVICE 10 - 100 kW (110 kVA) (INTERIM)

Availability:

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, where the maximum demand occurring in the 12 months ending with the current month is 10 kilowatts or greater but less than 100 kilowatts (110 kilovolt-amperes).

Rate:

Demand Charge:
The maximum demand registered on the meter in the current month..... @ $2.24 per kW

Energy Charge:
All kilowatt-hours..... @ 2.480 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 6.8 cents per kWh, but not less than the Minimum Monthly Charge.

Minimum Monthly Charge:

An amount equal to $1.05 per kW of maximum demand occurring in the 12 months ending with the current month, but not less than $20.00 for a three phase service**.**

Discount:

A discount of 1.5% of the amount of the current month's bill, but not less than $1.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO

RATE No. 2.3L

GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA (INTERIM)

Availability:

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, where the maximum demand occurring in the 12 months ending with the current month is 110 kilovolt-amperes (100 kilowatts) or greater but less than 1000 kilovolt-amperes.

Rate:

Demand Charge:
The maximum demand registered on the meter in the current month .... @ $2.04 per kVA

Energy Charge:
All kilowatt-hours..... @ 2.142 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 6.8 cents per kWh, but not less than the Minimum Monthly Charge.

Minimum Monthly Charge:

An amount equal to $1.05 per kVA of maximum demand occurring in the 12 months ending with the current month.

Discount:

A discount of 1.5% of the amount of the current month's bill, up to a maximum of $500.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations**.**
This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE No. 2.4L

GENERAL SERVICE 1000 kVA AND OVER (INTERIM)

Availability:

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, where the maximum demand occurring in the 12 month period ending with the current month is 1000 kilovolt-amperes or greater.

Rate:

Billing Demand Charge:
The maximum demand registered on the meter in the current month.... @ $1.79 per kVA

Energy Charge:
All kilowatt-hours..... @ 1.763 ¢ per kWh

Maximum Monthly Charge:

The Maximum Monthly Charge shall be 6.8 cents per kWh, but not less than the Minimum Monthly Charge.

Minimum Monthly Charge:

An amount equal to $1.05 per kVA of maximum demand occurring in the 12 months ending with the current month.

Discount:

A discount of 1.5% of the amount of the current month's bill, up to a maximum of $500.00, will be allowed if the bill is paid within 10 days after it is issued.

General:

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO

RATE No. 4.1L

STREET AND AREA LIGHTING SERVICE (INTERIM)

Availability:

For Street and Area Lighting Service throughout the Labrador Interconnected service area of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by Hydro.

Monthly Rate:

	SENTINEL / STANDARD
MERCURY VAPOUR[1]	
250W (9,400 lumens)	$ 15.86
HIGH PRESSURE SODIUM [2]	
100W (8,600 lumens)	11.75
150W (14,400 lumens)	15.86
250W (23,200 lumens)	20.92
400W (45,000 lumens)	27.03

[1] Fixtures previously owned by the Town of Wabush as of September 1, 1985, and transferred to Hydro in 1987.

[2] Only High Pressure Sodium fixtures are available for all new installations and replacements installed after September 1, 2002.

Special poles used exclusively for lighting service

Wood ..... $ 4.00

General:

Details regarding conditions of service are provided in the Rules and Regulations.
This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE No. 4.11L

STREET AND AREA LIGHTING SERVICE (INTERIM)

Availability:

For Street and Area Lighting Service throughout the Labrador Interconnected service area of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by Hydro existing as of September 1, 2002.

Monthly Rate:

	SENTINEL / STANDARD
HIGH PRESSURE SODIUM[1]	
100W (8,600 lumens)	$ 7.93

[1] Any new fixtures added will be at the rates set out in Rate 4.1L.

Special poles used exclusively for lighting service

Wood ..... $ 4.00

General:

Details regarding conditions of service are provided in the Rules and Regulations.
This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE No. 4.12L

STREET AND AREA LIGHTING SERVICE (INTERIM)

Availability:

For Street and Area Lighting Service throughout the Labrador Interconnected service area of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by the customer.

Monthly Rate:

	SENTINEL / STANDARD
HIGH PRESSURE SODIUM	
100W (8,600 lumens)	$ 4.82

Special poles used exclusively for lighting service

Wood ..... $ 4.00

General:

Details regarding conditions of service are provided in the Rules and Regulations.
This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.

NEWFOUNDLAND AND LABRADOR HYDRO

RATE No. 5.1L

SECONDARY ENERGY

Availability:

For Service to Customers on the Labrador Interconnected grid engaged in fuel switching who purchase a minimum of 1 MW load and a maximum of 24 MW, who provide their own transformer and, who are delivered power at primary voltages. Hydro shall supply Secondary Energy to the Customer at such times and to the extent that Hydro has Churchill Falls electricity available in excess of the amount it requires for its own use, and to meet its commitments and sales opportunities, present and future, for firm energy. Moreover, Hydro may interrupt or reduce the supply of Secondary Energy at its sole discretion for any cause whatsoever. The energy delivered shall be used solely for the operation of the equipment engaged in fuel switching.

Energy Charge:

The energy charge shall be calculated monthly based on:

EITHER:

A. The Customer's cost of fuel (cents per litre) most recently delivered to the Customer including fuel additives, if any, in accordance with the following formula:

Secondary Energy Rate = Constant Factor x Fuel Cost/Litre x 90%

$$\text{Constant Factor} = \frac{3413\ \text{BTU/kWh} \times A \times B}{C \times D}$$

Where:

A = Customer's Electric Boiler Efficiency

B = Transformer and Losses Adjustment Factor

C = BTU/Litre of the Customer's fuel

D = Customer's Oil-fired Boiler Efficiency

OR:

B. One (1) cent less than the New York Mercantile Exchange (NYMEX) settlement price for New York Independent System Operator (NYISO) Zone A Swap Peak electricity after the end of trading on the 19th day of the previous month, converted to Canadian dollars using the exchange rate at the closing of the same day.

WHICHEVER IS GREATER

NEWFOUNDLAND AND LABRADOR HYDRO

RATE No. 5.1L

SECONDARY ENERGY

Prior to the commencement of service, the Customer will provide to Hydro the rate component values for insertion in the pricing formula for Secondary Energy. If subsequent changes to any of these rate components are required, the Customer will provide them to Hydro as soon as practicable. Hydro may require that these rate component values be verified.

Communications

The Customer and Hydro shall each designate a position within their respective staffs to be responsible for communications as to changes in the cost of the fuel delivered to the Customer. Hydro will contact the Customer's designate on or before the second working day of each month at which time the Customer's designate will inform Hydro of the fuel cost. If this information is unavailable to Hydro for any reason, Hydro will use the previous month's fuel cost and other inputs and make the adjustment to the correct values in the following month's billing.

Hydro will inform the Customer of the value of part B of the energy charge calculation on the first business day following the 21st day of the month preceding the month for which the rate is being set.

Power Factor

If the Customer's power factor is lower than 90%, the Customer shall upon written notice by Hydro provide, at the Customer's expense, power factor corrective equipment to ensure that a power factor of not less than 90% is maintained.

General:

Insofar as they are not inconsistent with the forgoing, the conditions of service provided in the Rules and Regulations shall apply to Customers in this rate class.

This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.

IN THE MATTER OF the *Electrical Power Control Act, 1994*, R.S.N.L. 1994, Chapter E-5.1 (the EPCA) and the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47 (the *Act*) and regulations thereunder;

AND IN THE MATTER OF an application by Newfoundland and Labrador Hydro, pursuant to Sections 70 and 75 of the *Act*, for the approval of customer electricity rates, rules and regulations on an interim basis to become effective March 1, 2015 (the "2015 Interim Rates Application").

AFFIDAVIT

I, Kevin J. Fagan, of St. John's in the Province of Newfoundland and Labrador, make oath and say as follows:

1. I am Manager, Rates and Regulation, of Newfoundland and Labrador Hydro, the Applicant named in the attached Application.

2. I have read and understand the foregoing Application.

3. I have personal knowledge of the facts contained therein, except where otherwise indicated, and they are true to the best of my knowledge, information and belief.

SWORN at St. John's in the Province of Newfoundland and Labrador, this 28th day of January 2015, before me:

Barrister – Newfoundland and Labrador

Kevin J. Fagan

2015 Interim Rates Application Evidence

Newfoundland and Labrador Hydro

January 2015

newfoundland labrador hydro
a nalcor energy company

Table of Contents

Appendices:

1.0 BACKGROUND

The Amended Application, filed on November 10, 2014, is based on a 2015 Test Year for the purpose of setting new base rates for customers to become effective in 2015. Based on existing rates, Newfoundland and Labrador Hydro (Hydro) would achieve a return on rate base of 3.33% in 2015, which is below the bottom of the approved range of return on rate base of 7.29% established in the 2007 General Rate Application (GRA).[1] The 2015 forecast return on rate base under existing rates of 3.33% is also lower than the proposed 2015 return on rate base of 6.82%. Hydro's forecast income statement under existing rates shows a net loss of $34.6 million for 2015.[2]

In its Amended Application, Hydro requested that the proposed customer rates be approved on an interim basis in advance of completing the GRA. This approach would reduce the amount of 2015 costs deferred for future recovery from customers. Hydro also proposed revised Rate Stabilization Plan (RSP) Rules to become effective on an interim basis effective January 1, 2015 to permit the continued phase-in of the Island Industrial Customer (IC) rates and to ensure the forecast fuel costs reflected in the proposed interim rates were consistent with the forecast fuel costs used in the operation of the RSP.

The Island IC Group presented the position that the impacts of the rate proposals reflected in the Amended Application constitute "rate shock".[3] The IC Group presented a submission in response to Hydro's Amended Application providing alternatives for the Board of Commissioners of Public Utilities (the Board) to consider to reduce the customer rate impacts in implementing interim Island IC rates for 2015.[4] Newfoundland

[1] As shown in Schedule II, line 43, Finance evidence in the Amended Application.
[2] See Schedule II, Finance evidence in the Amended Application.
[3] See letter of IC Group filed December 10, 2014.
[4] See letter of IC Group filed December 18, 2014.

Power (NP) also made a submission which indicated uncertainty on the potential impacts on NP's customers with respect to the implementation of revised RSP rules effective January 1, 2015.[5]

In a letter to Hydro, dated December 24, 2014, the Board advised that it was unable to make a determination with respect to the proposed revised interim Island IC rates prior to January 1, 2015. The Board also expressed the view that the proposed interim rates for Island IC should be considered at the same time as the proposed interim rates for NP. The Board directed Hydro to file a comprehensive and complete application setting out proposals for interim rates for NP and the Island IC to be effective March 1, 2015, and setting out the implications of these proposals for Hydro Rural Customers.

This evidence provides the required information to support Hydro's application requesting approval of Hydro's interim rate proposals for NP, Island IC and Hydro Rural Customers. The evidence will also address the submission of the Island IC Group with respect to "rate shock" and also provides clarity with respect to the RSP implications for retail customers.

2.0 ISLAND INDUSTRIAL CUSTOMER RATES

2.1 Background

As directed by Government, IC rates are to be phased in over a three-year period, with funding for this phase-in to be drawn from the IC RSP Surplus.[6] The phase-in started in September 2013 with a change in the RSP credit adjustment for Teck and the removal of the RSP adjustment for the other Island IC. The rate impacts of the September 1, 2013

[5] See letter of December 11, 2014 in which NP requested the Board to require Hydro to: (i) specify the revisions to the RSP rules which are required to permit the phase-in of Island IC rates beginning January 1, 2015; and (ii) provide information with respect to the implications for NP's customers of the proposed interim revisions.

[6] OC2013-089 and OC2013-090 dated April 4, 2013.

rate change were 22.4% increase for Teck and a 19.1% average increase for the other Island IC.

The Island IC rates do not currently include a fuel rider and, as a result, their rates do not recover the increased cost of Holyrood fuel since the 2007 Test Year. The proposed average base rate increase for Island IC for the 2015 Test Year is 39.2% with no phase-in approach.[7] The proposed 39.2% base rate increase does not include the customer rate impact of recovering the 2014 year-end RSP current balance of $6.8 million from Island IC.[8]

2.2 Amended Application – IC Phase-in Proposals

The Amended Application proposed to complete the phase-in of IC rates by September 1, 2016 by limiting customer impacts through the use of the IC RSP Surplus balance. The IC RSP Surplus balance at December 31, 2014 was $10.9 million.[9] Appendix A to this evidence provides the RSP report for December 2014.

Base rates resulting from the 2015 Test Year Cost of Service Study were proposed to become effective for all Island IC on January 1, 2015, with an offsetting RSP Surplus Credit Adjustment equal to 85% of the base rate increase to limit the customer rate impact.[10] The proposed RSP Surplus Credit Adjustment would be reduced to 35% for the period September 1, 2015 to August 31, 2016 and eliminated on September 1, 2016.

[7] Source: Table 4.15 on page 4.50 of evidence to the Amended Application.

[8] The $6.8 million is lower than the forecast 2014 year-end balance of $8.3 million reflected in the Amended Application primarily due to the credit transfer from the RSP Hydraulic Variation Account at December 31, 2014. In the Amended Application, Hydro proposed the 2014 year-end balance in the RSP Hydraulic Variation Account be applied to recover Hydro's 2014 Test Year forecast Revenue Deficiency. This proposal has not yet been approved by the Board.

[9] The Amended Application was based upon a forecast $11.0 million IC RSP Surplus balance.

[10] The RSP Surplus Credit Adjustment would be calculated on a monthly basis based upon a percentage of the change in rates between 2007 Test Year base rates and 2015 Test Year base rates. This means that 85% of the customer's monthly bill impact of implementation of new base rates will be recovered from the RSP Surplus.

To reduce the customer rate impacts of recovery of the RSP balance concurrent with the phase-in of IC base rates, the Amended Application proposed to recover the $6.8 million year-end 2014 current RSP balance over a two-year period rather than the normal 12-month period.

Table 1 provides the forecast annualized customer impacts of the phase-in proposals included in the Amended Application updated for RSP balances at December 31, 2014.[11] These impacts reflect the combined effect of the base rate phase-in and the recovery of the 2014 year-end RSP balance over a two-year period.

Table 1
Amended Application - IC rate impacts

	March 1, 2015	**September 1, 2015**	**September 1, 2016**
Island IC [12]	17.9%	16.7%	10.0%

2.3 Hydro's Response to IC Group Submission

The IC Group submission of December 18, 2014 expressed concern with the customer impacts and proposed that the Board: (i) consider disposition of the credit balance in the RSP load variation component; and (ii) consider using a lower No. 6 fuel cost in establishing revenue requirement for the purpose of establishing interim rates.

2.3.1 Hydro's Proposal on RSP Load Variation Component

The 2014 year-end credit balance in the RSP load variation component is approximately $35.5 million.[13] Per Order P.U. 29(2013), this balance is currently segregated.[14]

[11] Table 1 assumes the next stage of the phase-in occurs on March 1, 2015 rather than January 1, 2015 as proposed in the Amended Application.
[12] Teck Resources is scheduled to close in 2015.
[13] See page 12 of the December 2014 RSP Report provided as Appendix A.
[14] Per Order No. P.U. 29(2013), load variation is to be segregated in a separate account within the RSP. This balance will remain segregated until a further Order of the Board providing for the disposition of the balance.

The Amended Application proposes that the RSP rules related to the allocation of the load variation component be modified such that the year-to-date net load variation for both NP and IC is allocated among the customer groups based upon energy ratios.[15] The proposed effective date for the proposed RSP change is September 1, 2013.[16]

Disposition of the RSP load variation component based upon an energy ratio allocation would result in a credit of $2.1 million to the IC RSP current balance. The Amended Application provided no recommendation on the timing of the disposition of the 2014 year-end balance of the RSP load variation component. Hydro believes it is reasonable to apply the $2.1 million IC portion of the segregated credit balance in the RSP load variation component to reduce the customer rate impact of recovering the $6.8 million RSP current balance due from IC.[17] The 2015 Interim Rates Application reflects this proposal.

Board approval of the proposed disposition of the segregated RSP load variation component effective December 31, 2014, would reduce the IC RSP current balance to $4.7 million due from customers (i.e., $6.8 million less $2.1 million). The remainder of the $35.5 million segregated RSP load variation balance would flow through the RSP for disposition to retail customers.[18]

[15] The proposed method will allocate the net cost effect of load variation on a basis consistent with the manner that fuel cost variation is currently allocated in the RSP. The proposed method is also consistent with the cost allocation effects of changes in load in a Test Year Cost of Service Study.
[16] The amounts that accumulated in the load variation component for the period 2007 to August 31, 2013 have been transferred to the RSP Surplus for disposition in accordance with the Government directive.
[17] The $2.1 million assumes Board approval of the proposed allocation methodology for the balance in the RSP segregated load variation component effective December 31, 2014 (i.e., based on energy ratios).
[18] Under the proposed 2015 Test Year Cost of Service forecast, approximately 4.3% or $100,000 of the balance would be credited to the Labrador Interconnected System. The disposition of this balance normally accrues to Hydro's net income. However, given 2014 is a test year, it would be appropriate for this balance to be applied to reduce cost recovery related to the net income deficiency from customers on the Labrador Interconnected System.

The proposed disposition reduces customer rate impacts and partially addresses fairness concerns related to the recovery of historic fuel costs through a future IC RSP recovery factor which would apply to all customers including new customers that were not operating at the time these costs were incurred. If these costs were recovered through a future RSP recovery factor, the fuel costs deferred for recovery through the RSP would be recovered from Island IC based upon their future energy use. These RSP fuel costs were incurred prior to the two new Island IC, Vale and Praxair, entering into full operations. As these customers increase their energy requirements and become fully operational, the portion of the current RSP balance recovered from them will increase accordingly.

Hydro believes it is reasonable to recover the remaining $4.7 million in the 2014 year-end RSP current balance costs from the IC RSP Surplus of $10.9 million which also accumulated prior to the new customers becoming fully operational.[19] This treatment of the IC RSP Surplus would facilitate the phase-in of IC rates in that lower rate increases are required of Island IC for 2015 and 2016 during the base rate phase-in period. The 2015 Interim Rates Application includes this proposal as an element of the phase-in of Island IC rates.

2.3.2 Hydro's Proposal on 2015 Test Year Holyrood Fuel Cost

Since Hydro filed its Amended Application on November 10, 2014, the forecast cost of No. 6 fuel at Holyrood has decreased materially. Hydro's Amended Application was based upon an average No. 6 fuel cost of $93.32 per barrel. Based upon the most recent fuel forecast provided by PIRA, the average fuel cost for 2015 is forecast to be $65.63 per barrel.[20] Based upon the 2015 Test Year forecast of approximately 2.6 million

[19] This approach is consistent with the use of approximately $38.1 million of the initial $49 million IC RSP Surplus to provide recovery of the fuel costs allocated to IC that accumulated in the RSP over the period January 1, 2007 to August 31, 2013, as approved in Order No. P.U. 26(2013).

[20] PIRA Energy Group, World oil market forecast update, January 5, 2015, No. 6 fuel 12-month average price of $64.30 (Can/bbl). The average fuel cost for 2015 includes the effect of average inventory cost.

barrels, the revised fuel cost forecast reduces the 2015 Test Year Cost of Service by approximately $73 million (total 2015 Test Year No. 6 fuel cost of $245 million in Amended Application less $172 million based upon $65.63 per barrel). [21] This reduction is equal to approximately 11.8% of the 2015 Test Year revenue requirement for the Island Interconnected System provided in the Amended Application.[22]

Revising the rate increase proposals provided in the Amended Application to adjust for the lower 2015 forecast fuel cost materially reduces the customer impacts for the phase-in period. The base rate increase for the Island IC required to recover the 2015 Test Year costs reflected in the Amended Application is 39.2%. Modifying the revenue requirement to reflect an updated Holyrood fuel cost of $65.63 per barrel reduces the proposed base rate increase to 18.1%.

Hydro believes it is appropriate to reflect a more current 2015 No. 6 fuel cost forecast in establishing March 1, 2015 interim rates. The 2015 Interim Rates Application proposes rates that reflect the updated forecast 2015 fuel cost of $65.63 per barrel.

For the purpose of establishing interim rates, an adjusted revenue requirement for NP and the Island IC was determined to reflect the reduced No. 6 fuel cost forecast for 2015. The computation of the adjusted revenue requirement did not require the completion of a revised 2015 Test Year Cost of Service Study. Appendix B to this evidence provides the calculation of a 2015 Test Year adjusted revenue requirement to be used for the purpose of establishing interim rates for 2015.[23]

[21] ($93.32/bbl - $65.63/bbl) x 2,624,371 bbls = $72,668,833 or $73 million.

[22] 11.8% =$73 million/$621 million. The $621 million is provided in Schedule 1.2, page 2 of 8 in the 2015 Test Year Cost of Service Study (Exhibit 13 to the Amended Application).

[23] The customer allocation of the fuel cost reduction for the 2015 Test Year provided in Appendix B for the purpose of establishing revenue requirement for determining 2015 interim rates is based upon the 2015 Test Year Cost of Service production energy allocation ratios on the Island Interconnected System. See Schedule 3.1A, page 1 of 2 of the 2015 Test Year Cost of Service Study, Exhibit 13.

A 2015 Test Year Cost of Service Study reflecting the updated fuel cost forecast will be provided to the Board for the purpose of establishing final rates.

2.4 Proposed Phase-in of Island IC Rates

The material reduction in the proposed 2015 base rate increase for Island IC from that proposed in the Amended Application requires a modified phase-in approach.[24]

Hydro considered two alternatives to the modified phase-in approach. Under the first alternative, an RSP Surplus Credit Adjustment offsetting 85% of the base rate increase would apply for the period March 1, 2015 to December 31, 2015, decrease to 60% for the period January 1, 2016 to August 31, 2016 and be eliminated on September 1, 2016. A second alternative would be the use of a 73% RSP Surplus Credit Adjustment for the period March 1, 2015 to August 31, 2016.

The calculations assume the $10.9 million balance in the IC RSP Surplus at December 31, 2014 is used to recover the $4.7 million 2014 year-end RSP balance.[25] The $6.2 million remaining IC RSP Surplus balance is proposed to be used to phase-in the Island IC base rates over the period March 1, 2015 to August 31, 2016.

Table 2 provides the Island IC rate impacts under each alternative. Appendix C provides the detail supporting the calculations in Table 2. Under both alternatives the annual RSP Adjustment for the Island IC would occur on January 1, 2016.

[24] The RSP Surplus Credit Adjustment percentages and the timing of the IC rate changes proposed in the Amended Application were developed giving consideration to both the customer impacts of the phase-in of base rates and the recovery of the 2014 forecast year-end current balance in the RSP.

[25] The $4.7 million 2014 year-end RSP balance is the adjusted balance that reflects the load variation credit of $2.1 million applied against the $6.8 million IC RSP current plan balance provided in Appendix A.

Table 2 **Interim Rates Application - IC Rate Impacts** [26]			
	March 1, 2015	**January 1, 2016**	**September 1, 2016**
Alternative 1	2.7%	4.4%	10.2%
Alternative 2	4.9%	-	12.7%

The use of the 73% RSP Surplus Credit Adjustment for the remainder of the phase-in period eliminates the requirement for an additional base rate adjustment on January 1, 2016. However, the use of two RSP Surplus Adjustments providing three rate changes to complete the base rate phase-in limits the maximum impact of any single base rate change to approximately 10%. Hydro is proposing Alternative 1 for this reason.

Table 3 provides the IC RSP Surplus balances under each alternative. Appendix D provides the supporting calculations for Table 3.

Table 3 **Forecast IC RSP Surplus Drawdown Balances ($millions)**			
	March 1, 2015[27]	**January 1, 2016**	**September 1, 2016**
Alternative 1	6.3	2.6	0.1
Alternative 2	6.3	3.1	0.2

2.5 Island IC Rate Design

Hydro has followed the same rate design approach as described in the Amended Application in deriving the proposed 2015 interim rates for the Island IC.

For Island IC, the energy charge has been reduced from 5.151¢ per kWh to 4.114¢ per kWh to reflect the revised 2015 fuel cost forecast. The proposed price for the other rate

[26] Teck Resources is scheduled to close operations in 2015.

[27] Assumes Board approval of disposition of the 2014 RSP segregated load variation balance based upon energy ratios effective December 31, 2014 and the IC RSP Surplus balance of $10.9 million is used to provide recovery of the adjusted 2014 year-end IC current RSP balance of $4.7 million (i.e., $6.8 million 2014 year-end IC RSP current balance in Appendix B less $2.1 million allocated load variation balance).

components are the same as included in the Amended Application. The proposed Island IC rate is provided below. Rate components that have been revised from those filed in the Amended Application have been shaded.

Island IC Base Rate:

Demand Charge:

$8.38 per kW of billing demand per month

Firm Energy Charge: @ 4.114 ¢ per kWh

Specifically Assigned Charges as follows:

	Annual Amount
Corner Brook Pulp and Paper Limited	$891,045
North Atlantic Refining Limited	$91,729
Teck Resources Limited	$208,600
Vale Newfoundland and Labrador Inc.	$499,522

The average system losses used in the calculation of the energy charge for non-firm service to Island IC is 3.47%. The proposed Island Industrial wheeling rate is 0.443¢ per kWh.

There is currently no RSP recovery rate in effect for Island IC. It is proposed that Teck Resources will continue to have an RSP Adjustment rate to manage customer impacts consistent with Government directives. The proposed Teck RSP rate effective March 1, 2015 is (1.113)¢ per kWh.[28] Hydro proposes the revised RSP rate for Teck be approved to provide the same rate increase to Teck as is proposed for the other Island IC.

[28] The Teck RSP Adjustment rate is currently (1.111)¢ per kWh as approved in Order No. P.U. 29(2013).

3.0 UTILITY RATE

3.1 Proposed Rate Change

In the Amended Application, the proposed base rate provided an increase of 26.5% in base rate revenue from NP. This material increase primarily resulted from increased recovery of fuel costs reflected in the proposed base rate; these fuel costs are currently being recovered through the RSP fuel rider. The RSP fuel rider is proposed to be set to zero upon implementation of the new base rate. As a result, the billing impact of the base rate increase is materially offset by the elimination of the RSP fuel rider. The overall billing impact of the proposed base rate and RSP rate change reflected in the Amended Application is 4.1%.[29]

The RSP fuel rider of 1.526¢ per kWh in the existing rate to NP provides for the recovery of approximately $90 million of fuel costs if maintained for all of 2015.[30] This amount is not recorded as revenue by Hydro as the amounts are credited to the RSP (i.e., a deferral account on the balance sheet).

The proposed rate for NP to become effective March 1, 2015 on an interim basis reflects an increase in the billing demand charge and an increase in the base rate energy charges (see Section 3.2). The proposed base rate increase to NP reflecting the lower forecast fuel costs for 2015 is 11.2%. See Table 4.

[29] See Table 4.15 on page 4.50 of the evidence to the Amended Application.
[30] See Table 4.15 on page 4.50 of the evidence in the Amended Application and Table 4 in this evidence.

Table 4 **NP - 2015 Forecast Revenues and RSP Charges ($millions)**				
	Existing Rates	**Proposed Rates – March 1, 2015**	**Change**	
Forecast Revenue	415.4	461.7	46.3	11.2%
RSP Fuel Rider Charges	90.4	-	(90.4)	
RSP Recovery Rider Charges[31]	(32.6)	(32.6)	-	
Total Forecast Billings	473.2	429.1	(44.1)	-9.3%

Table 4 shows that while the 2015 Interim Rates Application proposes a revenue increase to Hydro from NP of 11.2%, the billing impact would be a rate decrease to NP of 9.3%.

3.2 NP Rate Design

Hydro has followed the same rate design approach as described in the Amended Application in deriving the proposed interim rate for NP to become effective March 1, 2015. The tail block energy charge has been reduced from 11.622¢ per kWh to 9.448¢ per kWh to reflect the revised 2015 fuel cost forecast.[32] The proposed price for the other rate components are the same as included in the Amended Application.

The proposed March 1, 2015 rate for NP is provided below. Rate components that have been revised from those filed in the Amended Application have been shaded.

NP Base Rate:

Demand Charge:

$5.50 per kW of billing demand per month

[31] Based upon RSP recovery adjustment of (0.551)¢ per kWh effective July 1, 2014.

[32] As shown in Appendix B, there is also an adjustment to revenue requirement to reflect the estimated impact of the rural deficit for 2015.

Energy Charge:

First 250,000,000 kilowatt-hours	@	3.411	¢ per kWh
All excess kilowatt-hours	@	9.446	¢ per kWh
Firming-up Charge:	@	2.974	¢ per kWh

NP RSP Rate

The proposed RSP rate of (0.551)¢ per kWh reflects the removal of the fuel rider of 1.526¢ per kWh which was based upon a forecasted fuel cost of $105.60/bbl (Can). The proposed RSP recovery adjustment reflects the continuation of the existing RSP recovery adjustment.

3.3 July 1 2015 RSP Update

There are two RSP adjustments updated each July 1. The RSP fuel rider is updated to reflect forecast fuel costs for the following 12 months and the RSP recovery adjustment is updated to reflect balances that have accumulated as a result of variances from forecast fuel costs and RSP recovery over the previous 12 months.[33]

The implementation of interim base rates effective March 1, 2015 to reflect an updated fuel cost for 2015 removes the RSP fuel rider that has been in effect since July 1, 2014. Hydro sees no additional benefit to provide a further fuel cost update to become effective July 1, 2015. If upon the conclusion of the GRA, a more recent forecast indicates an adjustment to the fuel cost reflected in the 2015 Test Year fuel cost is required, the Board can implement a fuel cost adjustment at that time.

The current RSP recovery adjustment effective July 1, 2014 of (0.551)¢ per kWh provides forecast reduced billings for 2015 of $32 million.[34] This credit is scheduled to expire on July 1, 2015. However, approval of the proposed disposition of the balance in the RSP

[33] The RSP recovery adjustment also flows through transfers from the RSP Hydraulic Variation Account.
[34] See Table 4.15 on page 4.50 of the evidence in the Amended Application.

segregated load variation balance effective December 31, 2014 would result in a credit of approximately $33 million to the NP RSP current balance. An additional credit balance transfer of $33 million effective year-end 2014 would permit the existing RSP recovery adjustment to continue until the end of June 2016 without resulting in a large RSP balance owing from customers.

Implementation of revised retail rates on March 1, 2015 that reflect both the disposition of the balance in the RSP segregated load variation component and the updated fuel forecast avoids the requirement for a July 1, 2015 rate change. The 2015 Interim Rates Application is proposing there be no RSP rate adjustment for 2015.

4.0 RETAIL RATES

This section provides the impacts on retail rates if the Board approves the 2015 Interim Rates Application.

4.1 Rates on the Island Interconnected and L'Anse au Loup Systems

Approval of the proposed interim rates effective March 1, 2015 results in a rate reduction of 6.3% to retail customers on both the Island Interconnected System and the L'Anse au Loup System. This compares with the 2.8% increase proposed in the Amended Application.

4.2 Hydro Diesel Rates

Non-Government Diesel Rates

On December 23, 2014 Government issued Order in Council (OC) 2014-372. This OC requires that the rate increase in 2015 to Hydro's Non-Government Rural Isolated Domestic and General Service customers be equal to the rate increase approved for NP's customers. To comply with OC2014-372, the 2015 Interim Rates Application proposes the same percentage rate change apply to non-government customers on

Hydro's Diesel Systems as is proposed for NP's customers and Hydro's Rural Customers on the Island Interconnected and L'Anse au Loup systems. In the Amended Application, Hydro proposed above average rate increases to these customers. See Table 5 provided in Section 5.

OC2014-372 is provided as Appendix E to this evidence.

Government Diesel Rates

Government rate classes in isolated systems pay rates that recover 100% of the allocated test year costs. Similar to the forecast costs of No. 6 fuel, the forecast cost of No. 2 fuel has decreased materially for 2015.[35]

To address this 2015 fuel cost reduction, Hydro is proposing lower rate increases for these customers in the 2015 Interim Rates Application than proposed in the Amended Application. See Table 5 provided in Section 5.

4.3 Labrador Interconnected Rates

The average increase proposed for Hydro Rural Customers on the Labrador Interconnected System in the Amended Application is 2.1%. The cost of serving customers on the Labrador Interconnected System is not impacted by the updated fuel cost estimate for the 2015 Test Year. Therefore, Hydro is proposing the rates included in the Amended Application be approved on an interim basis March 1, 2015.[36]

[35] No. 2 fuel is used in generating electricity on Hydro's Isolated Diesel Systems. The 2015 forecast cost has reduced by $3.2 million to $15.6 million compared to the forecast of $18.8 million reflected in the Amended Application.

[36] The reduced revenue requirement for Newfoundland Power as a result of lower fuel costs will result in a higher rural deficit allocation to the Labrador Interconnected System. Hydro has not reflected this adjustment in the 2015 Interim Rates Application.

5.0 CUSTOMER RATE IMPACTS

Table 5 provides a comparison of the average customer impacts under both the Amended Application and the Interim Rates Application.

Table 5
2015 Proposed Customer Rate Impacts[37]

	Amended Application	2015 Interim Application
Island Interconnected System		
Newfoundland Power – Wholesale rate	4.1%	(9.3%)
Estimated end consumers rate impact	2.8%	(6.3%)
Estimated rural consumers rate impact	2.8%	(6.3%)
Industrial Customers	39.2%	18.1%
Island Isolated systems		
Domestic	7.1%	(6.3%)
General Service 0-10	18.5%	(6.3%)
General Service Over 10 kW	19.2%	(6.3%)
Street and Area Lighting	2.8%	(6.3%)
Island Isolated - Government Departments		
General Service 0-10	24.7%	16.6%
General Service Over 10 kW	25.4%	16.9%
Street and Area Lighting	27.5	27.5%
Labrador Interconnected System		
Domestic	1.9%	1.9%
General Service 0 - 10	1.9%	1.9%
General Service 10 - 100 kW	1.9%	1.9%
General Service 110 - 1000 kVA	1.9%	1.9%
General Service 1000 kVA and Over	1.9%	1.9%
Street and Area Lighting	17.5%	17.5%
Labrador Isolated Systems		
Domestic	7.1%	(6.3%)
General Service 0-10	18.5%	(6.3%)
General Service Over 10 kW	19.2%	(6.3%)
Street and Area Lighting	2.8%	(6.3%)
Labrador Isolated - Government Departments		
Domestic	21.5%	14.0%
General Service 0-10	24.7%	16.6%
General Service Over 10 kW	25.4%	16.9%
Street and Area Lighting	27.5%	27.5%
L'Anse Au Loup System		
Domestic	2.8%	(6.3%)
General Service 0-10	2.8%	(6.3%)
Street and Area Lighting	2.8%	(6.3%)

[37] Exclude the effects of the Northern Strategic Plan which applies to customers on isolated systems in Labrador.

6.0 2015 NET INCOME DEFICIENCY

As shown in Section 3, even though the 2015 Interim Rates Application proposes a billing decrease to NP of 9.3%, the proposed base rate increase provides a revenue increase to Hydro from NP of 11.2%. As a result, the delayed implementation of a new Utility rate beyond January 1, 2015 will result in a 2015 net income shortfall for Hydro.

The 2015 Interim Rates Application also proposes base rate increases to Island IC, Government customers on Diesel Systems and customers on the Labrador Interconnected System. A delay in implementation of new rates beyond January 1, 2015 will also result in a 2015 net income shortfall for Hydro from these customer groups.

Approval of the proposed interim rates effective March 1, 2015 does not provide recovery of the financial impact of delayed rate implementation beyond January 1, 2015. The net income shortfall resulting from the delayed rate implementation is approximately $20 million.[38] The Amended Application proposed that the revenue shortfall associated with delayed implementation of 2015 rates be recovered through a rate rider to be implemented upon the establishment of final customer rates.

Table 6 provides the estimated 2015 net income deficiency by customer group. The net income deficiency by customer group was determined based upon the proportion of the forecast revenue shortfall for January and February for each customer class.

[38] The actual 2015 net income shortfall will be finalized upon the Board's determination of final 2015 Test Year revenue requirement and customer rates.

Table 6 Forecast Allocation of 2015 Net Income Shortfall	
Customer Group	**Shortfall ($millions)**
NP and Hydro Rural (excl. Lab. Interconnected)	18.39
Island IC	1.37
Hydro Rural – Isolated Systems Government	0.10
Hydro Rural – Labrador Interconnected	0.16
Total	20.02

Recovery of the 2014 and 2015 net income shortfall is not reflected in the rates proposed in the 2015 Interim Rates Application. In the Amended Application, Hydro proposed the credit balance in the RSP Hydraulic Variation Account be used to provide recovery of the 2014 Revenue Deficiency. Hydro still considers this proposal to be appropriate.[39] However, the approach to recovery of the 2014 and 2015 net income shortfall can be dealt with by the Board at the conclusion of testing Hydro's costs for 2014 and 2015.

7.0 APPROVALS REQUIRED FOR IMPLEMENTATION

The proposed rate schedules reflecting the proposals provided in this evidence are included in Schedule 1 to the 2015 Interim Rates Application. All rate schedules with the exception of the rate schedules for customers on the Labrador Interconnected System have changed relative to those filed in the Amended Application. All changes from that filed in the Amended Application have been shaded.

The RSP rules in the rate schedules reflect the following proposals:

[39] The credit balance in the RSP Hydraulic Variation Account at year-end 2014 is $43.4 million. See Appendix A.

- The Board is requested to approve removal of Section B (1.3(b)) as there is no further Rural Labrador Interconnected Automatic Rate Adjustment. References to the December 6, 2006 Government directive have also been removed. This proposal is consistent with the Amended Application;
- The RSP rules related to the allocation of the load variation component are modified such that the year-to-date net load variation for both NP and IC is allocated among the customer groups based upon energy ratios. The proposed effective date for the RSP change is September 1, 2013. This proposal is consistent with the Amended Application. See Section B(2);
- The RSP rules are modified to provide for disposition of the 2014 year-end RSP segregated load variation balance of $35.5 million to the respective current RSP plan balances based upon 2014 energy ratios effective December 31, 2014. See Section B(2). This is a new proposal;
- The RSP rules include a new clause which suspends the NP RSP rate adjustment scheduled for July 1, 2015 until a further Order of the Board. See Section D (1.2). This is a new proposal;
- The Board is requested to approve the removal of Section D (2.2), by which the IC RSP Adjustment was suspended effective January 1, 2014. This proposal is consistent with the Amended Application;
- In the Amended Application, Hydro proposed a new Section E: Historical Balance. This section is no longer required under the 2015 Interim Rates Application.
- The Board is requested to approve a one-time transfer from the IC RSP Surplus balance effective December 31, 2014 to provide recovery of the IC current plan balance. See revised Section E (1.1). This is a new proposal;
- The Board is requested to approve implementation of an RSP Surplus Credit Adjustment described in Section 4.6.5 of the Amended Application evidence in which the IC RSP Surplus balance will be used to phase-in Island IC base rates. The RSP Surplus Credit Adjustment is proposed to be 85% for the period March 1, 2015

to December 31, 2015, decreased to 60% for the period January 1, 2016 to August 31, 2016 and eliminated September 1, 2016. See revised Section E (1.1). This is a modification to the RSP Surplus Credit Adjustment proposed in the Amended Application; and

- The Board is requested to approve implementation of an updated Teck Resources RSP Adjustment rate necessary to comply with Government direction. See revised Section E(1.1). This is a modification of the RSP Adjustment for Teck proposed in the Amended Application.

APPENDIX A

December 2014 Rate Stabilization Plan Report

NEWFOUNDLAND AND LABRADOR HYDRO
RATE STABILIZATION PLAN REPORT
December 31, 2014
PRELIMINARY

Newfoundland and Labrador Hydro

Rate Stabilization Plan Report
December 31, 2014

Summary of Key Facts

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro), as amended by Board Order No. P.U. 40 (2003) and Order No. P.U. 8 (2007), is established for Hydro's utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

The Test Year Cost of Service Study was approved by Board Order No. P.U. 8 (2007) and is based on projections of events and costs that are forecast to happen during a test year. Finance charges are calculated on the balances using the test year Weighted Average Cost of Capital which is currently 7.529% per annum. Holyrood's operating efficiency is set, for RSP purposes, at 630 kWh/barrel regardless of the actual conversion rate experienced.

	2007 Test Year Cost of Service			
	Net Hydraulic Production	No. 6 Fuel Cost	Utility Load	Industrial Load
	(kWh)	($Can/bbl.)	(kWh)	(kWh)
January	427,100,000	54.17	574,800,000	78,300,000
February	388,680,000	54.73	518,600,000	70,900,000
March	415,080,000	55.46	524,700,000	76,600,000
April	355,520,000	55.46	429,200,000	75,600,000
May	324,240,000	55.46	358,700,000	69,500,000
June	328,500,000	54.49	298,400,000	73,800,000
July	386,790,000	54.49	293,400,000	77,500,000
August	379,140,000	54.49	287,000,000	77,900,000
September	363,560,000	54.49	297,700,000	73,000,000
October	340,510,000	54.56	360,200,000	74,400,000
November	364,390,000	54.56	439,300,000	74,100,000
December	398,560,000	58.98	543,800,000	72,700,000
Total	4,472,070,000		4,925,800,000	894,300,000

Rate Stabilization Plan
Plan Highlights
December 31, 2014

	Actual	Cost of Service	Variance	Year-to-Date Due (To) From customers	Reference
Hydraulic production year-to-date	4,670.7 GWh	4,472.1 GWh	198.7 GWh	$ (18,010,509)	Page 4
No 6 fuel cost - Current month	$ 93.50	$ 58.98	$ 34.52	$ 119,653,898	Page 5
Year-to-date customer load - Utility	5,852.1 GWh	4,925.8 GWh	926.3 GWh	$ (296,453)	Page 8
Year-to-date customer load - Industrial	392. GWh	894.3 GWh	-502.3 GWh	$ (25,416,148)	Page 9
				$ 75,930,788	
Rural rates					
Rural Rate Alteration (RRA) [1]	$ (10,078,761)				
Less : RRA to utility customer	$ (8,076,216)				Page 10
RRA to Labrador interconnected	(2,002,545)				
Fuel variance to Labrador interconnected	$ 901,193				Page 6
Net Labrador interconnected	$ (1,101,352)				
Current plan summary					
One year recovery					
Due (to) from utility customer	$ (39,004,557)				Page 10
Due (to) from Industrial customers	$ 6,774,833				Page 11
Sub total	(32,229,724)				
Four year recovery					
Hydraulic balance	$ (43,358,639)				Page 4
Segregated Load Variation					Page 12
Utility Customer	$ 519,908				
Industrial Customer	$ (35,979,573)				
Sub Total	$ (35,459,665)				
Utility RSP Surplus	$ (124,013,626)				Page 13
Industrial RSP Surplus	$ (10,892,683)				Page 14
Total plan balance	$ (245,954,337)				

[1] Beginning January 2011, the RRA includes a monthly credit of $98,295. This amount relates to the phase in of the application of the credit from secondary energy sales to CFB Goose Bay to the Rural deficit as stated in Section B, Clause 1.3(b) of the approved Rate Stabilization Plan Regulations which received final approval in Order No. P.U. 33 (2010) issued December 15, 2010.

Newfoundland and Labrador Hydro

Rate Stabilization Plan
Net Hydraulic Production Variation
December 31, 2014

	A Cost of Service Net Hydraulic Production (kWh)	B Actual Net Hydraulic Production (kWh)	C Monthly Net Hydraulic Production Variance (kWh) **(A - B)**	D Cost of Service No. 6 Fuel Cost ($Can/bbl.)	E Net Hydraulic Production Variation ($) **(C / O[1] X D)**	F Financing Charges ($)	G Cumulative Variation and Financing Charges ($) **(E + F)** **(to page 12)**
Opening balance							(39,801,010)
January	427,100,000	536,781,236	(109,681,236)	54.17	(9,430,845)	(241,493)	(49,473,348)
February	388,680,000	491,548,118	(102,868,118)	54.73	(8,936,464)	(300,180)	(58,709,992)
March	415,080,000	522,832,527	(107,752,527)	55.46	(9,485,643)	(356,223)	(68,551,858)
April	355,520,000	426,489,174	(70,969,174)	55.46	(6,247,540)	(415,938)	(75,215,336)
May	324,240,000	369,954,774	(45,714,774)	55.46	(4,024,351)	(456,369)	(79,696,056)
June	328,500,000	281,279,242	47,220,758	54.49	4,084,221	(483,556)	(76,095,391)
July	386,790,000	266,269,167	120,520,833	54.49	10,424,096	(461,709)	(66,133,004)
August	379,140,000	255,957,693	123,182,307	54.49	10,654,292	(401,262)	(55,879,974)
September	363,560,000	266,357,259	97,202,741	54.49	8,407,266	(339,052)	(47,811,760)
October	340,510,000	372,963,387	(32,453,387)	54.56	(2,810,566)	(290,098)	(50,912,424)
November	364,390,000	412,913,649	(48,523,649)	54.56	(4,202,302)	(308,911)	(55,423,637)
December	398,560,000	467,377,970	(68,817,970)	58.98	(6,442,673)	(336,283)	(62,202,593)
	4,472,070,000	4,670,724,196	(198,654,196)		(18,010,509)	(4,391,074)	(62,202,593)
Hydraulic Allocation [2]					14,452,880	4,391,074	18,843,954
Hydraulic variation at year end					(3,557,629)	-	(43,358,639)

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

(2) At year end 25% of the hydraulic variation balance and 100% of the annual financing charges are allocated to customers as follows:.

	(from page 6) 12 month kWh	% of kWh to total	Allocation	Reallocate Rural	**(to pages 11 & 12)** Net
Utility	5,852,126,368	87.2%	16,440,596	1,160,150	17,600,746
Industrial	392,007,676	5.8%	1,101,282		1,101,282
Rural	463,481,626	7.0%	1,302,076	(1,302,076)	-
Total	6,707,615,671	100.0%	18,843,954	(141,926)	18,702,028
Labrador Inteconnected (write-off to income)				141,926	141,926
				-	18,843,954

Newfoundland and Labrador Hydro

Rate Stabilization Plan
No. 6 Fuel Variation
December 31, 2014

	A	B	C	D	E	F	G
	Actual Quantity No. 6 Fuel	Actual Quantity No. 6 Fuel for Non-Firm Sales	Net Quantity No. 6 Fuel	Cost of Service No. 6 Fuel Cost	Actual Average No. 6 Fuel Cost	Cost Variance	No.6 Fuel Variation
	(bbl.)	(bbl.)	(bbl.) **(A - B)**	($Can/bbl.)	($Can/bbl.)	($Can/bbl.) **(E - D)**	($) **(C X F) (to page 6)**
January	311,974	0	311,974	54.17	104.55	50.38	15,717,272
February	330,404	0	330,404	54.73	114.37	59.64	19,705,279
March	336,807	0	336,807	55.46	115.08	59.62	20,080,440
April	204,611	0	204,611	55.46	116.57	61.11	12,503,798
May	140,687	0	140,687	55.46	114.61	59.15	8,321,658
June	69,714	0	69,714	54.49	114.52	60.03	4,184,930
July	74,127	0	74,127	54.49	111.72	57.23	4,242,300
August	86,200	0	86,200	54.49	111.71	57.22	4,932,364
September	90,658	0	90,658	54.49	110.44	55.95	5,072,337
October	108,693	0	108,693	54.56	105.37	50.81	5,522,686
November	195,443	0	195,443	54.56	100.35	45.79	8,949,357
December	301,905	8	301,897	58.98	93.50	34.52	10,421,477
	2,251,225	8	2,251,217	55.47	108.54	53.07	119,653,898

Newfoundland and Labrador Hydro

Rate Stabilization Plan
Allocation of Fuel Variance - Year-to-Date
December 31, 2014

	A	B	C	D	E	F	G	H	I	J
	Twelve Months-to-Date				Year-to-Date Fuel Variance				Reallocate Rural Island Customers [1]	
	Utility	Industrial Customers	Rural Island Customers	Total	Utility	Industrial Customers	Rural Island Interconnected	Total	Utility	Labrador Interconnected
	(kWh)	(kWh)	(kWh)	(kWh)	($)	($)	($)	($)	($)	($)
				(A+B+C)	**(A/D X H)**	**(B/D X H)**	**(C/D X H)**		**(G X 89.10%)**	**(G X 10.90%)**
					(to page 7)			**(from page 5)**	**(to page 7)**	
January	5,603,728,914	348,666,137	459,258,079	6,411,653,130	13,736,759	854,706	1,125,807	15,717,272	1,003,094	122,713
February	5,664,560,418	354,489,796	462,266,852	6,481,317,066	30,958,705	1,937,405	2,526,441	35,422,551	2,251,059	275,382
March	5,796,147,497	357,155,092	469,518,334	6,622,820,923	48,574,999	2,993,162	3,934,830	55,502,991	3,505,934	428,896
April	5,845,354,684	356,096,276	472,164,936	6,673,615,896	59,566,479	3,628,762	4,811,548	68,006,789	4,287,089	524,459
May	5,915,517,955	356,357,967	469,720,965	6,741,596,887	66,975,571	4,034,690	5,318,186	76,328,447	4,738,504	579,682
June	5,906,422,350	355,287,469	469,523,829	6,731,233,649	70,647,675	4,249,651	5,616,051	80,513,377	5,003,901	612,150
July	5,911,372,726	367,726,532	470,095,183	6,749,194,442	74,234,400	4,617,871	5,903,406	84,755,677	5,259,935	643,471
August	5,917,093,062	372,247,993	467,803,919	6,757,144,975	78,537,975	4,940,873	6,209,193	89,688,041	5,532,391	676,802
September	5,938,483,840	363,899,898	465,261,574	6,767,645,313	83,150,483	5,095,316	6,514,579	94,760,378	5,804,490	710,089
October	5,934,948,611	379,486,735	463,001,233	6,777,436,580	87,817,101	5,615,116	6,850,847	100,283,064	6,104,105	746,742
November	5,944,900,314	387,781,146	463,758,836	6,796,440,297	95,546,466	6,232,420	7,453,535	109,232,421	6,641,100	812,435
December	5,852,126,368	392,007,676	463,481,626	6,707,615,671	104,393,240	6,992,835	8,267,823	119,653,898	7,366,630	901,193

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

Newfoundland and Labrador Hydro

Rate Stabilization Plan
Allocation of Fuel Variance - Monthly
December 31, 2014

	A	B	C	D	E	F	G
	Utility					Industrial	
	Fuel Variance		Rural Allocation		Total Fuel Variance Activity for the month	Fuel Variance	
	Year-to-Date Activity	Current Month Activity [1]	Year-to-Date Activity	Current Month Activity [1]		Year-to-Date Activity	Current Month Activity [1]
	($)	($)	($)	($)	($)	($)	($)
					(B + D)		
	(from page 6)		(from page 6)		(to page 10)	(from page 6)	(to page 11)
January	13,736,759	13,736,759	1,003,094	1,003,094	14,739,853	854,706	854,706
February	30,958,705	17,221,946	2,251,059	1,247,965	18,469,911	1,937,405	1,082,699
March	48,574,999	17,616,294	3,505,934	1,254,875	18,871,169	2,993,162	1,055,757
April	59,566,479	10,991,480	4,287,089	781,155	11,772,635	3,628,762	635,600
May	66,975,571	7,409,092	4,738,504	451,415	7,860,507	4,034,690	405,928
June	70,647,675	3,672,104	5,003,901	265,397	3,937,501	4,249,651	214,961
July	74,234,400	3,586,725	5,259,935	256,034	3,842,759	4,617,871	368,220
August	78,537,975	4,303,575	5,532,391	272,456	4,576,031	4,940,873	323,002
September	83,150,483	4,612,508	5,804,490	272,099	4,884,607	5,095,316	154,443
October	87,817,101	4,666,618	6,104,105	299,615	4,966,233	5,615,116	519,800
November	95,546,466	7,729,365	6,641,100	536,995	8,266,360	6,232,420	617,304
December	104,393,240	8,846,774	7,366,630	725,530	9,572,304	6,992,835	760,415
		104,393,240		7,366,630	111,759,870		6,992,835

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

Newfoundland and Labrador Hydro

Rate Stabilization Plan
Load Variation - Utility
December 31, 2014

	A	B	C	D	E	F	G	H	I	J	K
	Firm Energy						Secondary Energy				
	Cost of Service Sales	Actual Sales	Sales Variance	Cost of Service No. 6 Fuel Cost	Firm Energy Rate	Load Variation	Cost of Service Sales	Actual Sales	Firming Up Charge	Load Variation	Total Load Variation
	(kWh)	(kWh)	(kWh)	($Can/bbl.)	($/kWh)	($)	(kWh)	(kWh)	($/kWh)	($)	($)
			(B - A)			**C x {(D/O[1]) - E}**				**(G - H) x I**	**(F + J)**
											(to page 10)
January	574,800,000	701,822,280	127,022,280	54.17	0.08805	(262,412)	0	0	0.00841	0	(262,412)
February	518,600,000	668,138,074	149,538,074	54.73	0.08805	(176,004)	0	0	0.00841	0	(176,004)
March	524,700,000	704,231,084	179,531,084	55.46	0.08805	(3,277)	0	0	0.00841	0	(3,277)
April	429,200,000	543,018,070	113,818,070	55.46	0.08805	(2,078)	0	0	0.00841	0	(2,078)
May	358,700,000	458,076,079	99,376,079	55.46	0.08805	(1,814)	0	0	0.00841	0	(1,814)
June	298,400,000	328,626,921	30,226,921	54.49	0.08805	(47,092)	0	0	0.00841	0	(47,092)
July	293,400,000	303,396,872	9,996,872	54.49	0.08805	(15,574)	0	0	0.00841	0	(15,574)
August	287,000,000	300,426,340	13,426,340	54.49	0.08805	(20,917)	0	0	0.00841	0	(20,917)
September	297,700,000	315,235,972	17,535,972	54.49	0.08805	(27,320)	0	0	0.00841	0	(27,320)
October	360,200,000	401,788,711	41,588,711	54.56	0.08805	(60,172)	0	0	0.00841	0	(60,172)
November	439,300,000	508,174,745	68,874,745	54.56	0.08805	(99,650)	0	0	0.00841	0	(99,650)
December	543,800,000	619,191,220	75,391,220	58.98	0.08805	419,857	0	0	0.00841	0	419,857
	4,925,800,000	5,852,126,368	926,326,368			(296,453)	0	0		0	(296,453)

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

Newfoundland and Labrador Hydro

Rate Stabilization Plan
Summary of Utility Customer
December 31, 2014

	A	B	C	D	E	F	H
	Load Variation	Allocation Fuel Variance	Allocation Rural Rate Alteration [1]	Subtotal Monthly Variances	Financing Charges	Adjustment [2]	Cumulative Net Balance
	($)	($)	($)	($)	($)	($)	($)
				(A + B + C)			
	(from page 8)	**(from page 7)**					**(to page 12)**
Opening Balance							(80,173,930)
January		14,739,853	(1,016,527)	13,723,326	(486,455)	(3,740,713)	(70,677,772)
February		18,469,911	(1,030,686)	17,439,225	(428,837)	(3,561,176)	(57,228,560)
March		18,871,169	(923,118)	17,948,051	(347,234)	(3,753,552)	(43,381,295)
April		11,772,635	(841,706)	10,930,929	(263,216)	(2,894,286)	(35,607,868)
May		7,860,507	(697,990)	7,162,517	(216,051)	(2,441,546)	(31,102,948)
June		3,937,501	(563,085)	3,374,416	(188,717)	(1,751,581)	(29,668,830)
July		3,842,759	(626,858)	3,215,901	(180,016)	(2,957,733)	(29,590,678)
August		4,576,031	(619,867)	3,956,164	(179,541)	(2,929,157)	(28,743,212)
September		4,884,607	(531,034)	4,353,573	(174,399)	(3,073,551)	(27,637,589)
October		4,966,233	(668,733)	4,297,500	(167,691)	(3,917,440)	(27,425,220)
November		8,266,360	(665,811)	7,600,549	(166,403)	(4,954,704)	(24,945,778)
December		9,572,304	109,199	9,681,503	(102,422)	(6,037,114)	(21,403,811)
Year to date	0	111,759,870	(8,076,216)	103,683,654	(2,900,982)	(42,012,553)	58,770,119
Hydraulic allocation **(from page 4)**							(17,600,746)
Total	0	111,759,870	(8,076,216)	103,683,654	(2,900,982)	(42,012,553)	(39,004,557)

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Cost of Service Study, which is 89.10% and 10.90% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate for the Utility was 0.533 cents per kwh effective July 1,2013 to June 30, 2014 and is 0.975 cents per kwh effective July 1, 2014 to June 30, 2015.

Newfoundland and Labrador Hydro

Rate Stabilization Plan
Load Variation - Industrial
December 31, 2014

	A	B	C	D	E	F
	Cost of Service Sales (kWh)	Actual Sales (kWh)	Sales Variance (kWh) **(B - A)**	Cost of Service No. 6 Fuel Cost ($)	Firm Energy Rate ($/kWh)	Load Variation ($) **C x {(D/O[1]) - E} (to page 11)**
January	78,300,000	28,925,453	(49,374,547)	54.17	0.03676	(2,430,419)
February	70,900,000	31,688,409	(39,211,591)	54.73	0.03676	(1,965,011)
March	76,600,000	33,620,893	(42,979,107)	55.46	0.03676	(2,203,614)
April	75,600,000	31,139,219	(44,460,781)	55.46	0.03676	(2,279,582)
May	69,500,000	31,983,361	(37,516,639)	55.46	0.03676	(1,923,544)
June	73,800,000	26,476,656	(47,323,344)	54.49	0.03676	(2,353,488)
July	77,500,000	33,771,940	(43,728,060)	54.49	0.03676	(2,174,687)
August	77,900,000	33,808,084	(44,091,916)	54.49	0.03676	(2,192,782)
September	73,000,000	20,247,328	(52,752,672)	54.49	0.03676	(2,623,499)
October	74,400,000	40,386,121	(34,013,879)	54.56	0.03676	(1,695,360)
November	74,100,000	41,846,773	(32,253,227)	54.56	0.03676	(1,607,603)
December	72,700,000	38,113,439	(34,586,561)	58.98	0.03676	(1,966,559)
	894,300,000	392,007,676	(502,292,324)			(25,416,148)

(1) O is the Holyrood Operating Efficiency of 630 kWh/barrel.

Newfoundland and Labrador Hydro

Rate Stabilization Plan
Summary of Industrial Customers
December 31, 2014

	A	B	C	D	E	F
	Load Variation	Allocation Fuel Variance	Subtotal Monthly Variances	Financing Charges	Adjustment	Cumulative Net Balance
	($)	($)	($)	($)	($)	($)
			(A + B)			
	(from page 9)	**(from page 7)**				**(to page 12)**
Opening Balance						566,125
January		854,706	854,706	3,435	0	1,424,266
February		1,082,699	1,082,699	8,642	0	2,515,607
March		1,055,757	1,055,757	15,263	0	3,586,627
April		635,600	635,600	21,762	0	4,243,989
May		405,928	405,928	25,750	0	4,675,667
June		214,961	214,961	28,370	0	4,918,998
July		368,220	368,220	29,846	0	5,317,064
August		323,002	323,002	32,261	0	5,672,327
September		154,443	154,443	34,417	0	5,861,187
October		519,800	519,800	35,563	0	6,416,550
November		617,304	617,304	38,932	0	7,072,786
December		760,415	760,415	42,914	0	7,876,115
Year to date		6,992,835	6,992,835	317,155	0	7,309,990
Hydraulic allocation **(from page 4)**						(1,101,282)
Total		6,992,835	6,992,835	317,155	0	6,774,833

Newfoundland and Labrador Hydro

Rate Stabilization Plan
Load Variation January - December 2014
December 31, 2014

	A	B	C	D	E	F	G
	Utility Customer			Island Industrial Customers			
	Load Variation	Financing Charges	Total To Date	Load Variation	Financing Charges	Total To Date	Total To Date [1]
		($)	($) (A + B)		($)	($) (D+ E)	($) (C +F)
	(from page 8)			**(from page 9)**			**(to page 15)**
Opening Balance			790,787			(8,991,282)	(8,200,495)
January	(262,412)	4,798	533,173	(2,430,419)	(54,555)	(11,476,256)	(10,943,083)
February	(176,004)	3,235	360,404	(1,965,011)	(69,632)	(13,510,899)	(13,150,495)
March	(3,277)	2,187	359,314	(2,203,614)	(81,977)	(15,796,490)	(15,437,176)
April	(2,078)	2,180	359,416	(2,279,582)	(95,845)	(18,171,917)	(17,812,501)
May	(1,814)	2,181	359,783	(1,923,544)	(110,258)	(20,205,719)	(19,845,936)
June	(47,092)	2,183	314,874	(2,353,488)	(122,598)	(22,681,805)	(22,366,931)
July	(15,574)	1,910	301,210	(2,174,687)	(137,622)	(24,994,114)	(24,692,904)
August	(20,917)	1,828	282,121	(2,192,782)	(151,652)	(27,338,548)	(27,056,427)
September	(27,320)	1,712	256,513	(2,623,499)	(165,877)	(30,127,924)	(29,871,411)
October	(60,172)	1,556	197,897	(1,695,360)	(182,801)	(32,006,085)	(31,808,188)
November	(99,650)	1,201	99,448	(1,607,603)	(194,197)	(33,807,885)	(33,708,437)
December	419,857	603	519,908	(1,966,559)	(205,129)	(35,979,573)	(35,459,665)
Total	(296,453)	25,574	519,908	(25,416,148)	(1,572,143)	(35,979,573)	(35,459,665)

(1) Per Board Order No. P.U. 29(2013), the load variation from the Industrial and Utility Customers as of September 1, be held in a separate account until its disposition.

Newfoundland and Labrador Hydro

Rate Stabilization Plan
Utility RSP Surplus
December 31, 2014

	A	B	C	D
	Industrial Customer Adjustment	Utility Payout	Financing Charges	Cumulative Balance
	($)	($)	($)	($)
	(from page 10)			**(to page 15)**
Opening Balance				(115,330,446)
January			(699,767)	(116,030,213)
February			(704,013)	(116,734,226)
March			(708,285)	(117,442,511)
April			(712,582)	(118,155,093)
May			(716,906)	(118,871,999)
June			(721,256)	(119,593,255)
July			(725,632)	(120,318,887)
August			(730,035)	(121,048,922)
September			(734,464)	(121,783,386)
October			(738,921)	(122,522,307)
November			(743,404)	(123,265,711)
December			(747,915)	(124,013,626)
Year to date	-	-	(8,683,180)	(8,683,180)
Total			(8,683,180)	(124,013,626)

Newfoundland and Labrador Hydro

Rate Stabilization Plan
Industrial RSP Surplus
December 31, 2014

	A	B	C	D	E
	Industrial Surplus	Teck Allocation [1]	Industrial Drawdown	Financing Charges	Cumulative Balance
	($)	($)	($)	($)	($)
	(from page 11)		**(from page 11)**		**(to page 15)**
Opening Balance					(10,858,146)
January		66,308		(65,882)	(10,857,720)
February		62,040		(65,879)	(10,861,559)
March		69,269		(65,903)	(10,858,193)
April		66,730		(65,882)	(10,857,345)
May		64,063		(65,877)	(10,859,159)
June		59,650		(65,888)	(10,865,397)
July		60,902		(65,926)	(10,870,421)
August		59,299		(65,956)	(10,877,078)
September		60,783		(65,997)	(10,882,292)
October		60,410		(66,028)	(10,887,910)
November		63,329		(66,062)	(10,890,643)
December		64,039		(66,079)	(10,892,683)
Year to date	0	756,822	0	(791,359)	(34,537)
Total	0	756,822	0	(791,359)	(10,892,683)

(1) Per Board Order No. P.U. 29(2013), the RSP drawdown adjustment rate for Teck Resources is 1.111 cents per kwh effective September 1, 2013.

Newfoundland and Labrador Hydro

Rate Stabilization Plan
Overall Summary
December 31, 2014

	A	B	C	D	E	F	G
	Hydraulic Balance	Utility Balance	Industrial Balance	Segregated Load Balance	Utility RSP Surplus	Industrial RSP Surplus	Total To Date
	($)	($)	($)	($)	($)	($)	($)
							(A + B + C + D + E + F)
	(from page 4)	**(from page 10)**	**(from page 11)**	**(from page 12)**	**(from page 13)**	**(from page 14)**	
Opening Balance	(39,801,010)	(80,173,930)	566,125	(8,200,495)	(115,330,446)	(10,858,146)	(253,797,902)
January	(49,473,348)	(70,677,772)	1,424,266	(10,943,083)	(116,030,213)	(10,857,720)	(256,557,870)
February	(58,709,992)	(57,228,560)	2,515,607	(13,150,495)	(116,734,226)	(10,861,559)	(254,169,225)
March	(68,551,858)	(43,381,295)	3,586,627	(15,437,176)	(117,442,511)	(10,858,193)	(252,084,406)
April	(75,215,336)	(35,607,868)	4,243,989	(17,812,501)	(118,155,093)	(10,857,345)	(253,404,154)
May	(79,696,056)	(31,102,948)	4,675,667	(19,845,936)	(118,871,999)	(10,859,159)	(255,700,431)
June	(76,095,391)	(29,668,830)	4,918,998	(22,366,931)	(119,593,255)	(10,865,397)	(253,670,806)
July	(66,133,004)	(29,590,678)	5,317,064	(24,692,904)	(120,318,887)	(10,870,421)	(246,288,830)
August	(55,879,974)	(28,743,212)	5,672,327	(27,056,427)	(121,048,922)	(10,877,078)	(237,933,286)
September	(47,811,760)	(27,637,589)	5,861,187	(29,871,411)	(121,783,386)	(10,882,292)	(232,125,251)
October	(50,912,424)	(27,425,220)	6,416,550	(31,808,188)	(122,522,307)	(10,887,910)	(237,139,499)
November	(55,423,637)	(24,945,778)	7,072,786	(33,708,437)	(123,265,711)	(10,890,643)	(241,161,420)
December	(43,358,639)	(39,004,557)	6,774,833	(35,459,665)	(124,013,626)	(10,892,683)	(245,954,337)

APPENDIX B

Calculation of Adjusted 2015 Test Year Revenue Requirement

2015 Test Year Adjusted Revenue Requirements for NP and Island IC

Line No.		A Newfoundland Power	B Island Industrial	Reference
1	Total Revenue as Filed	525,340,174	42,517,934	Amended Application, Section 4, Table 4.15, Page 4.50
2	No. 6 Fuel Cost Variance	(61,417,518)	(6,442,092)	Line 7 and 8, Col B
3	Adjusted Revenue before Rural Deficit Impact	463,922,656	36,075,842	Line 1 + Line 2
4	Rural Deficit Impact[1]	(2,173,595)	0	
5	Net Adjusted Revenue	461,749,061	36,075,842	Line 3 + Line 4

		MWh @ Gen[2]	Amount ($)	
6	No. 6 Fuel Cost Variance		72,668,833	2,624,371 bbls x ($93.32/bbl - $65.63/bbl)
	Allocation by Customer Class:			
7	Newfoundland Power	84.517%	61,417,518	Line 6, Col B x Line 7, Col A
8	Island Industrial	8.865%	6,442,092	Line 6, Col B x Line 8, Col A
9	Hydro Rural	6.618%	4,809,223	Line 6, Col B x Line 9, Col A
		100.00%	72,668,833	

[1] Rural deficit attributable to NP decreases by $2.2M as a net result of lower No. 6 fuel costs ($4.8M) and diesel costs ($3.2M). These costs reductions are materially offset by the reduced revenue resulting from the proposed 6.3% decrease in Hydro Rural rates in the 2015 Interim Rates Application ($5.8M).

[2] Source: 2015 Test Year Cost of Service Study, Exhibit 13 in Amended Application, Schedule 3.1A, page 1 of 2.

APPENDIX C

IC Rate Phase-in Alternatives

Newfoundland and Labrador Hydro
Calculation of IC Phase-in Annualized Rate Impacts[1]
Alternative 1[2]
($millions)

Line No.		A	B	C	D
	IC Billings (excluding Teck)				
		Existing Rates	**1-Mar-15**	**1-Jan-16**	**1-Sep-16**
1	Base Rates Billing	29.42	34.78	34.78	34.78
2	RSP Phase-In	-	-	-	-
3	Total Revenue and RSP	29.42	34.78	34.78	34.78
4	RSP Surplus Credit	-	(4.55)	(3.21)	-
5	Total Billing	29.42	30.23	31.57	34.78
6	Annualized Rate Increase		2.7%	4.4%	10.2%
	Teck Billings[3]				
		Existing Rates	**1-Mar-15**	**1-Jan-16**	**1-Sep-16**
7	Base Rates Billing	1.22	1.40	-	-
8	RSP Phase-In	-	-	-	-
9	Total Revenue and RSP	1.22	1.40	-	-
10	RSP Surplus Credit	-	(0.16)	-	-
11	RSP Teck Adjustment[4]	(0.23)	(0.23)		
12	Total Billing	0.99	1.02	-	-
13	Annualized Rate Increase		2.7%	-	-

[1] Calculations are based upon 2015 billing determinants.
[2] Alternative 1 assumes an RSP Surplus Credit using 85% of the proposed base rate increase for Mar 1, 2015 to Dec 31, 2015 and 60% for Jan 1, 2016 to Aug 31, 2016.
[3] Teck Resources is forecast to close operations in 2015.
[4] Current RSP rate for Teck effective Sept 1, 2013 of (1.111) cents/kWh adjusted to (1.113) cents/kWh effective Mar 1, 2015.

Newfoundland and Labrador Hydro
Calculation of IC Phase-in Annualized Rate Impacts[1]
Alternative 2[2]
($millions)

Line No.		A	B	C	D
	IC Billings (excluding Teck)				
		Existing Rates	**1-Mar-15**	**1-Jan-16**	**1-Sep-16**
1	Base Rates Billing	29.42	34.78	34.78	34.78
2	RSP Phase-In	-	-	-	-
3	Total Revenue and RSP	29.42	34.78	34.78	34.78
4	RSP Surplus Credit	-	(3.91)	(3.91)	-
5	Total Billing	29.42	30.87	30.87	34.78
6	Annualized Rate Increase		4.9%	0.0%	12.7%
	Teck Billings[3]				
		Existing Rates	**1-Mar-15**	**1-Jan-16**	**1-Sep-16**
7	Base Rates Billing	1.22	1.40	-	-
8	RSP Phase-In	-	-	-	-
9	Total Revenue and RSP	1.22	1.40	-	-
10	RSP Surplus Credit	-	(0.13)	-	-
11	RSP Teck Adjustment[4]	(0.23)	(0.23)		
12	Total Billing	0.99	1.04	-	-
13	Annualized Rate Increase		4.9%	-	-

[1] Calculations are based upon 2015 billing determinants.
[2] Alternative 2 assumes an RSP Surplus Credit using 73% of the proposed base rate increase for Mar 1, 2015 to Aug 31, 2016.
[3] Teck Resources is forecast to close operations in 2015.
[4] Current RSP rate for Teck effective Sept 1, 2013 of (1.111) cents/kWh adjusted to (1.116) cents/kWh effective Mar 1, 2015.

APPENDIX D

Calculation of Drawdown of IC RSP Surplus Balance

Newfoundland and Labrador Hydro
Forecast IC RSP Surplus drawdown summary for Mar 1, 2015 to Aug 31, 2016
Alternative 1[1]

Line No			A Total IC Allocation	B Finance Charge[2]	C Cumulative Net Balance[3]	
1		Opening balance			(6,190,197)	
2	2015	January	0	(34,113)	(6,224,310)	
3		February	0	(34,301)	(6,258,611)	
4		March	385,400	(34,490)	(5,907,701)	
5		April	385,686	(32,556)	(5,554,571)	
6		May	399,743	(30,610)	(5,185,438)	
7		June	395,966	(28,576)	(4,818,049)	
8		July	387,927	(26,551)	(4,456,673)	
9		August	395,284	(24,560)	(4,085,948)	
10		September	343,074	(22,517)	(3,765,391)	
11		October	422,286	(20,750)	(3,363,856)	
12		November	420,586	(18,538)	(2,961,808)	
13		December	427,659	(16,322)	(2,550,471)	
14		Y-T-D	3,963,610	(323,884)	3,639,726	
15		Balance			(2,550,471)	
16	2016	January	305,674	(14,055)	(2,258,852)	
17		February	292,503	(12,448)	(1,978,797)	
18		March	310,197	(10,905)	(1,679,505)	
19		April	306,604	(9,255)	(1,382,156)	
20		May	315,186	(7,617)	(1,074,587)	
21		June	311,696	(5,922)	(768,813)	
22		July	318,615	(4,237)	(454,436)	
23		August	332,285	(2,504)	(124,655)	
24		Y-T-D	2,492,759	(66,943)	2,425,816	(124,655)
25		Balance			(124,655)	

[1] Reflects Alternative 1 for phase-in which is 85% RSP Surplus Credit Adjustment effective for Mar 1, 2015 to Dec 31, 2015 and 60% for Jan 1, 2016 to Aug 31, 2016.

[2] 2015 Test Year proposed monthly financing rate of 6.613%.

[3] Dec 31, 2014 closing IC RSP Surplus balance of $10.9M adjusted for one-time transfer to recover IC current RSP plan balance as at Dec 31, 2014 of $4.7M. $4.7M is the adjusted Dec 31, 2014 closing IC current RSP Plan balance of $6.8M reduced by the $2.1 million IC share of the $35.5M Dec 31, 2014 segregated load variation balance.

Newfoundland and Labrador Hydro
Forecast IC RSP Surplus drawdown summary for Mar 1, 2015 to Aug 31, 2016
Alternative 2[1]

Line No			A Total IC Allocation	B Finance Charge[2]	C Cumulative Net Balance[3]
1		Opening balance			(6,190,197)
2	2015	January	0	(34,113)	(6,224,310)
3		February	0	(34,301)	(6,258,611)
4		March	330,907	(34,490)	(5,962,194)
5		April	331,155	(32,857)	(5,663,896)
6		May	343,225	(31,213)	(5,351,883)
7		June	340,025	(29,493)	(5,041,351)
8		July	333,161	(27,782)	(4,735,972)
9		August	339,480	(26,099)	(4,422,592)
10		September	294,640	(24,372)	(4,152,324)
11		October	362,669	(22,883)	(3,812,538)
12		November	361,209	(21,010)	(3,472,339)
13		December	367,284	(19,135)	(3,124,190)
14		Y-T-D	3,403,755	(337,748)	3,066,007
15		Balance			(3,124,190)
16	2016	January	371,903	(17,217)	(2,769,504)
17		February	355,878	(15,262)	(2,428,888)
18		March	377,406	(13,385)	(2,064,866)
19		April	373,035	(11,379)	(1,703,211)
20		May	383,477	(9,386)	(1,329,120)
21		June	379,230	(7,325)	(957,215)
22		July	387,648	(5,275)	(574,842)
23		August	404,280	(3,168)	(173,730)
24		Y-T-D	3,032,857	(82,397)	2,950,460
25		Balance			(173,730)

[1] Reflects Alternative 2 for phase-in which is 73% RSP Surplus Credit Adjustment effective for Mar 1, 2015 to Aug 31, 2016.

[2] 2015 Test Year proposed monthly financing rate of 6.613%.

[3] Dec 31, 2014 closing IC RSP Surplus balance of $10.9M adjusted for one-time transfer to recover IC current RSP plan balance as at Dec 31, 2014 of $4.7M. $4.7M is the adjusted Dec 31, 2014 closing IC current RSP Plan balance of $6.8M reduced by the $2.1 million IC share of the $35.5M Dec 31, 2014 segregated load variation balance.

APPENDIX E

Order in Council OC2014-372

Executive Council

Newfoundland and Labrador

Certified to be a true copy of a Minute of a Meeting of the Committee of the Executive Council of Newfoundland and Labrador approved by His Honour the Lieutenant-Governor on

2014/12/23

OC2014-372

NR/DM
E Martin/Nalcor
A Wells/PUB
TB/Secretary
FIN/DM
Deputy Clerk
File

MC2014-0585. XX2014-140.

Under the authority of section 5.1 of the Electrical Control Power Act, 1994, the Lieutenant Governor in Council is pleased to direct the Board of Commissioners of Public Utilities to adopt a policy for Non-Government Rural Isolated Domestic and General Service customers of Newfoundland and Labrador Hydro that:

i) any changes in rates charged to these customers shall be equal to changes approved for equivalent rate classes of Newfoundland Power customers on or after January 1, 2007;

ii) notwithstanding (i), commencing January 1, 2016 rates for these customers shall be those that would have come into effect but for this directive and directives OC2006-512, OC2008-365, OC2009-390, OC2010-322 and OC2012-329; and

iii) the provisions of this directive do not apply to rates to be established for these customers following December 31, 2015.

Julia Mullaley
Clerk of the Executive Council